BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF CALIFORNIA

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Joint Application of Wild Goose Storage, LLC (U-911-G) and Lodi Gas Storage, L.L.C. (U-912-G) for an Order Pursuant to Sections 829 and 853 of the Public Utilities Code to Exempt from Commission Authorization the Encumbrance of the Assets of Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. and the Issuance of a Corporate Guarantee to Secure the Financing of certain Affiliates of the Utilities or in the Alternative for Authorization for the Same Relief under Sections 830 and 851.	Application **A1802013**

JOINT APPLICATION OF WILD GOOSE STORAGE, LLC (U-911-G) AND LODI GAS STORAGE, L.L.C. (U-912-G) FOR AN ORDER PURSUANT TO SECTIONS 829 AND 853 OF THE PUBLIC UTILITIES CODE TO EXEMPT FROM COMMISSION AUTHORIZATION THE ENCUMBRANCE OF THE ASSETS OF WILD GOOSE STORAGE, LLC AND LODI GAS STORAGE, L.L.C. AND THE ISSUANCE OF A CORPORATE GUARANTEE TO SECURE THE FINANCING OF CERTAIN AFFILIATES OF THE UTILITIES OR IN THE ALTERNATIVE FOR AUTHORIZATION FOR THE SAME RELIEF UNDER SECTIONS 830 AND 851

[PUBLIC VERSION]

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Date: February 16, 2017

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[PUBLIC VERSION]

Pursuant to Sections 829(c) and 853(b) of the California Public Utilities Code[1] and Rules 2.1 and 3.5 of the Rules of Practice and Procedure of the California Public Utilities Commission of the State of California ("Commission" or "CPUC"), Wild Goose Storage, LLC ("Wild Goose"), and Lodi Gas Storage, L.L.C. ("Lodi"), which are both independent natural gas storage utilities (collectively the " Joint Applicants"), hereby submit their Joint Application seeking an Order of the Commission exempting Wild Goose and Lodi from the statutory requirements to obtain Commission authorization to permit the encumbrance of the Joint

[1] Unless otherwise noted, all statutory references hereinafter are to the California Public Utilities Code.

Applicants' utility assets (pursuant to Section 851) and the issuance of a corporate guarantee by the Joint Applicants (pursuant to Section 830) to secure the debt financing of certain of their senior affiliates, namely: Rockpoint Gas Storage Partners LP ("Rockpoint Partners"),[2] Rockpoint Gas Storage Canada Ltd. ("Rockpoint Canada"),[3] and AECO Gas Storage Partnership ("AECO").[4, 5] In the alternative, if the Commission does not elect to grant the requested exemptions, the Joint Applicants request that the Commission grant them authorization under Section 830 to issue the requested corporate guarantees and authorization under Section 851 to permit the encumbrance of their respective assets to secure their senior affiliates' debt financing.

I. SUMMARY OF RELIEF SOUGHT

The Joint Applicants seek the following relief to fully implement extensions of both the previously approved $230 million ABL Credit Agreement ("ABL"), and the $100 million Intercompany Credit Agreement ("ICA"), and to secure the issuance of $400 million of new Senior Secured Notes ("Notes"), all of which are collectively referred to herein as the "2018 Refinancing."

A. Exemption under Public Utilities Code § 853(b)

The Joint Applicants respectfully request that the Commission grant them each an

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[2] Rockpoint Gas Storage Partners LP (formerly known as Niska Gas Storage Partners LP, or "Niska") is the entity within the Brookfield group of affiliated companies with control over Wild Goose and its affiliated storage facilities, AECO and Salt Plains, that were originally part of the Niska storage group of companies when they were acquired from EnCana Corporation. *See* D. 06-11-019 approving acquisition of Wild Goose by Niska.

[3] Rockpoint Gas Storage Canada, Ltd. is a subsidiary of Rockpoint Gas Storage Partners LP, and is the issuer of the Notes described in this Application.

[4] AECO is an entity within the Rockpoint group of affiliated companies with control over other gas service companies related to the storage businesses of Rockpoint, including Lodi. Together, AECO and Rockpoint Partners are the primary borrowers under the ABL.

[5] The term "Rockpoint" when used in this Application refers to all of Rockpoint Partners, Rockpoint Canada and AECO, as well as their operating affiliates, acting in a broader unified capacity.

extension of the previously granted exemption under Section 853(b) of the Public Utilities Code for the pledge of their respective individual assets as security for the debt of their senior affiliates.[6] The Joint Applicants are requesting a three-year extension of the exemption for both the ABL and the ICA. In addition, the Joint Applicants seek a new exemption to permit them to pledge their assets as security for the Notes issued by Rockpoint Canada, and for the exemption to extend until the maturity date of the Notes, March 31, 2023.

The assets to be pledged are identical to those approved in Decision 17-10-014, including, but not limited to, the physical and financial assets of each storage utility, the accounts receivables owed by their customers, and the proprietary natural gas in their respective storage facilities owned by each of the Joint Applicants. With the contribution of these assets by the Joint Applicants as collateral, Rockpoint, AECO, and Rockpoint Canada are able to borrow larger sums, at favorable interest rates, under substantially better terms. This in turn will provide the Joint Applicants with access to relatively lower-cost financing for their operations and working capital requirements, allowing the Joint Applicants to conduct their business more efficiently and to provide service to its customers at more attractive rates.

B. Exemption under Public Utilities Code § 829(c)

The Joint Applicants also request that the Commission grant them each an extension of the previously granted exemption under Section 829(c) of the Public Utilities Code for the provision of a corporate guarantee to secure the debt of their senior affiliates. The Joint Applicants are requesting a three-year extension of the exemption for both the ABL and the ICA. In addition, the Joint Applicants seek a new exemption to permit them to each provide a corporate guarantee to secure repayment of the Notes issued by Rockpoint Canada, with the

[6] In this context, the "debt" referred to includes the extension of the ALB and the extension of the ICA, as described in detail below.

exemption for the guarantees to extend to the maturity date of the Notes, March 31, 2023. With the added security represented by the guarantees provided by the Joint Applicants, their senior affiliates will be able to borrow larger amounts of operating capital, at a lower overall cost of debt, and on substantially better terms, allowing them to provide all the necessary funding to their subordinate gas storage affiliates, including the Joint Applicants. This will enable the Joint Applicants to have ready access to funding for their operations and working capital requirements and allow them to conduct their business more efficiently and to provide service to their customers at more attractive rates.

C. Alternative Request for Authorization Under Sections 830 and 851

The Joint Applicants have sought relief in the form of an exemption from the statutory requirements for authorization to offer a corporate guarantee or to offer their assets as collateral under Sections 830 and 851, respectively, to maintain consistency with recent Commission practice. The Commission has seen fit to grant exemptions to independent storage companies who have sought similar relief in recent applications.[7] However, should the Commission for any reason not wish to grant the requested exemptions, the Joint Applicants request that the Commission instead treat this Application as a request for authorization of the pledge of assets and the issuance of corporate guarantees under the provisions of Sections 830 and 851. In such an event, the Joint Applicants ask the Commission to issue such decisions as are required to grant the necessary authorization to both Wild Goose and Lodi so that they may proceed to provide the guarantees and collateral required to implement the 2018 Refinancing.

[7] *See* Section IV.B. below.

II. REGULATORY BACKGROUND OF WILD GOOSE AND LODI

A. Wild Goose Initiated the Independent Storage Market in California

Wild Goose became the first independent storage operator in California when it began commercial operations in April 1999. Wild Goose constructed and currently operates the Wild Goose Storage Facility (the "Wild Goose Facility") in Butte County and Colusa County, California. The Wild Goose Facility encompasses project components authorized by the Commission in its issuance of a Certificate of Public Convenience and Necessity ("CPCN") to Wild Goose in Decision 97-06-091, and the additional project components authorized by the Commission in Decision 02-07-036, Decision 10-12-025 and Decision 13-06-017.

In its 1997 Decision issuing Wild Goose a CPCN, the Commission, based on a finding of lack of market power, granted Wild Goose the authority to provide firm and interruptible storage services at market based rates.[8] This authority was reaffirmed in each subsequent certificate amendment.[9] Wild Goose does not have any captive customers, and is completely at risk for recovery of its cost of service.

The Wild Goose Facility is currently certificated by the Commission to provide 1200 million cubic feet per day (MMcf/d) of withdrawal capability, 650 MMcf/d of injection capability and 75 billion cubic feet (Bcf) of working gas storage capacity. The initial Wild Goose Facility and all subsequent expansions were financed through funds provided by Wild Goose's owners. Wild Goose did not issue any debt or equity of its own for the purposes of financing these projects.

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[8] Decision 97-06-091, (1997 Cal. PUC LEXIS 503), p. *11.

[9] *See* Decision 02-07-036, Ordering Paragraph 1; Decision 10-12-025, Ordering Paragraph 1; Decision 13-06-017, Ordering Paragraph 1.

B. Lodi Entered the Independent Storage Market in 2002

Lodi is an independent natural gas storage provider in California and is certificated for a total of 34.5 Bcf of working capacity in its two operating facilities. Lodi constructed and currently operates the Lodi Gas Storage Facility (the "Lodi Facility") in San Joaquin and Sacramento Counties. The Lodi Facility encompasses project components authorized by the Commission in its issuance of a CPCN to Lodi in Decision 00-05-048 (the "2000 Decision") and the additional project components authorized by the Commission in Decision 03-08-048, Decision 04-05-046, Decision 04-05-034, and Decision 09-12-038. The Lodi Facility began commercial operation in 2002. The Lodi Facility has a certificated working gas storage capacity of 17 Bcf, with a maximum firm deliverability of 500 MMcf/d and a maximum firm injection capacity of 400 MMcf/d.

In addition, through Decision 06-03-012, subsequently amended in Decision 08-02-035, the Commission granted Lodi a CPCN for a separate gas storage facility referred to as the Kirby Hills Facility located in Solano County ("Kirby Hills"). Kirby Hills was placed in service in January 2007. Kirby Hills has 17.5 Bcf of certificated working gas storage capacity and a maximum firm injection and withdrawal capacity of 300 MMcf/d.

In its 2000 Decision issuing Lodi a CPCN, the Commission, based on a finding of lack of market power, also granted Lodi the authority to provide firm and interruptible storage services at market based rates. This authority was reaffirmed in each subsequent certificate amendment. Lodi does not have any captive customers, and is completely at risk for recovery of its cost of service. In addition, as part of the 2000 Decision, the Commission granted Lodi a project-specific exemption under Sections 829 and 853 from Sections 816–830 and 851 to obtain financing to construct its original gas storage facilities near Lodi, California. Decision 01-08-023, which granted Lodi's petition for modification of the 2000 Decision to allow for a

replacement financing arrangement, affirmed the project-specific exemption from sections 818 and 851.[10]

C. Consolidation of Lodi and Wild Goose under Brookfield Ownership

Through Decision 14-12-013 (Application 14-09-001), the Commission granted the transfer of control of Lodi from its then owner Buckeye Gas Storage, LLC to BIF II CalGas.[11] In seeking this approval, Lodi agreed to continue to abide by certain conditions that were initially imposed on Lodi in Decision 08-01-018, including a stipulation that Lodi and any entity related to Lodi would not share Sensitive Market Information[12] regarding Lodi with Wild Goose or any entity exercising direct or indirect control over Wild Goose.

On August 3, 2015, Wild Goose, along with its then current owner Carlyle/Riverstone Energy Partners III, L.P. ("Carlyle/Riverstone") and Brookfield, filed Application 15-08-005 ("Transfer of Control Application") seeking a transfer of control from Carlyle/Riverstone to Brookfield, owner of Lodi.[13] In Decision 16-06-014, the Commission

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[10] The Commission has previously granted Lodi several additional exemptions from authorization under Sections 816-830 and 851. In 2004, the Commission granted Lodi a specific exemption under Section 853(b) from Section 851 for the limited purpose of assigning its accounts receivable to secure a short-term working capital line of credit in the amount of $5 million, and a general "continuing" exemption for assigning future accounts receivable of up to $10 million for securing revolving lines of credit through loan agreements with terms up to three years.

In June 2006, the Commission granted authority to Lodi under Sections 816 and 851 to issue up to $110 million in long-term debt and to secure this debt with its assets. Moreover, through Decision 06-11-043 issued in November 2006, Lodi was granted authority from the Commission under Sections 816 and 851 to issue up to $25 million in long-term debt and to secure this debt with its assets, and to encumber LGS' assets as security for a working capital credit facility for a period of three years.

[11] BIF II CalGas is an affiliate of Brookfield Infrastructure Partners formed for the sole purpose of holding all interests in Lodi. For the purposes of this Application, going forward all Brookfield affiliated entities will be referred to as "Brookfield."

[12] "Sensitive Market Information" is defined in the decision as "any information which would customarily be considered by a natural gas storage customer to be sensitive or proprietary, which is not available to the public, or which, if disclosed, would subject a natural gas storage customer to risk of competitive disadvantage or other business injury. "

[13] This application was part of a larger merger transaction that resulted in Brookfield owning all storage assets of Niska, the parent of Wild Goose.

authorized, pursuant to Public Utilities Code § 854(a), a transfer of control of Wild Goose from Carlyle/Riverstone to Brookfield.[14]

D. Consolidation of Brookfield's Storage Assets under Rockpoint Gas Storage

After its acquisition of Lodi, Brookfield established SIM Energy LP ("SIM Energy"), to operate and develop Brookfield's growing natural gas storage asset platform. Following Brookfield's acquisition of the storage assets of Niska, all the gas storage facilities held by Brookfield continue to be operated by SIM Energy (including Wild Goose, AECO (comprised of the Suffield and Countess facilities), Salt Plains, Lodi (comprised of the Lodi and Kirby Hills facilities), Tres Palacios, and Warwick) and all were collectively rebranded as Rockpoint Gas Storage. Rockpoint now manages and operates both the Wild Goose and Lodi facilities. The combined and consolidated Financial Statements of Rockpoint[15] for the period ending March 31, 2017, are attached as Exhibit Joint Applicants ("JA")-5, but have been filed under seal pursuant to the Motion for Leave to File Under Seal and Maintain Confidentiality of Certain Information.

E. Current Management of Rockpoint

The management team of Rockpoint is comprised primarily of individuals who previously held management positions with Niska (the prior owner of Wild Goose[16]). The

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[14] The transfer of control of Wild Goose to Brookfield was part of larger merger of Brookfield with Niska which resulted in Brookfield owning not only Wild Goose, but three additional storage facilities—AECO Hub™ in Alberta, Canada (including the Suffield and Countess facilities) and Salt Plains in Oklahoma.

[15] Rockpoint's consolidated financial statements combine the results of all its storage facilities, including Wild Goose and Lodi, but exclude the Warwick facility, which is owned by a separate Brookfield fund.

[16] Simon Dupéré, Rockpoint's President and Chief Executive Officer, was previously Chief Executive Officer of Niska; Mathieu Fournier, Rockpoint's Vice President, Engineering and Operations, held reservoir engineering and team management positions within Niska; Kraig McConaghy, Rockpoint's Vice President, Trading, was Director, Trade and Storage Optimization at Niska; Jason Dubchak, Rockpoint's Vice President, Legal & Regulatory held the same position at Niska. Darren Soice,

retention of these individuals has allowed Rockpoint to leverage the experience of the team responsible for the exceptional operating and safety history of Niska and its predecessors and to integrate and incorporate their best practices throughout its entire gas storage portfolio.

F. Previous Financing Decision

In January 2017, Wild Goose and Lodi Gas filed Application 17-01-024 seeking an Order of the Commission exempting them from the statutory requirements to obtain Commission authorization to permit the encumbrance of their assets and the issuance of a corporate guarantee to secure the debt financing of certain of their senior affiliates (the "2016 Refinancing"). A total of three separate financing transactions were involved in the 2016 Refinancing, each of which required Wild Goose and Lodi, upon approval of the Commission, to execute a separate security agreement to encumber their respective assets as collateral for the loan and/or to provide their corporate guaranty to secure repayment of the loan.

The first transaction was a Term Loan Credit Agreement involving a $150 million loan maturing on December 17, 2018. With respect to this transaction, the Joint Applicants, as well as certain other Brookfield storage-related companies, were required to execute a guaranty agreement to provide their corporate guarantees to secure repayment of the loan and also to execute a separate security agreement to encumber their assets as collateral.

The second transaction was an asset-backed loan, serving as a revolving line of credit, formally titled the ABL Credit Agreement, with a maximum credit limit of $230 million. As with the Term Loan Credit Agreement, the Joint Applicants, and certain other Brookfield entities, executed a guaranty agreement to provide a corporate guarantee to secure repayment of the sums borrowed on the line of credit, and also executed a separate security agreement to

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Rockpoint's Chief Investment Officer, was responsible for Brookfield's purchase of each natural gas storage facility currently under management. Collectively, the management team at Rockpoint averages over 20 years of experience in the natural gas industry.

encumber their respective assets as collateral. This loan also matures December 17, 2018.

The final transaction that was part of the 2016 Refinancing was a $100 million intercompany credit agreement whereby an affiliate of the parent of Wild Goose and Lodi would serve as the lender for a backstopping loan up to a maximum of $100 million. This loan would provide additional liquidity should the financing available from the Term Loan Credit Agreement and the ABL prove insufficient to cover all the working capital and operational needs of all the storage entities operating within the Rockpoint family of companies. Again, the Joint Applicants provided their respective corporate guarantees for repayment of the loan; however, their assets were not required as collateral for this loan agreement. This loan matures in June 2019.

In addition to the request in the 2017 Application for exemption from the statutory requirements to obtain Commission authorization to permit the encumbrance of their assets and/or the issuance of a corporate guarantee to secure the three above-referenced credit agreements, the Joint Applicants also made a separate request for a continuing exemption to enable them to provide similar guarantees and encumbrances on their assets in support of their affiliates' debt in future refinancings.

In Decision 17-10-014 the Commission determined that the proposed encumbrance and associated refinancing transactions that were the subject of A.17-01-024 would not impair Wild Goose's and Lodi's ability to continue to provide safe and reliable service and granted the requested exemptions. The Commission, however, declined to grant Wild Goose and Lodi the requested continuing exemption, and as the 2016 Refinancing agreements begin to expire in late 2018, the Joint Applicants have filed this Application to obtain exemptions for the extensions of its existing financing agreements and for the Notes to be issued.

III. SUMMARY OF THE 2018 REFINANCING TRANSACTIONS

By this application the Joint Applicants seek exemption from the approvals required under Section 830 and 851 for three distinct financing transactions, two of which are merely extensions of financing agreements approved by the Commission in D.17-10-014. Specifically, the Joint Applicants seek approval of an amended ABL, which retains its existing credit line of $230 million, and simply extends the term of the agreement for three additional years, to December 17, 2021, while making other minor changes to the agreement that make the loan administration more efficient and reduce costs for Rockpoint. In addition, the Joint Applicants seek exemption for an amendment to the existing ICA, which is also to be extended for three additional years, with very minor changes to the loan documents.

The last element of the 2018 Refinancing for which Joint Applicants seek an exemption or, in the alternative, Commission approval, is for both Wild Goose and Lodi to issue corporate guarantees and provide security for the Notes recently issued by Rockpoint Canada, an affiliate within the Rockpoint family of companies. The Notes were issued February 14, 2018 in the aggregate principal amount of $400 million and will mature in 2023.

As explained in the Joint Applicant's previous financing application, Application 17-01-024, the three Rockpoint financing agreements approved in D.17-10-014 would begin to expire by their terms in mid-December 2018. To prepare for this, Rockpoint commenced negotiations with a variety of potential lenders to arrange for financing to extend beyond the end of 2018. The successful refinancing accomplished in 2016 demonstrated to Rockpoint that it is far more efficient and considerably less expensive to continue to seek new financing for all its gas storage operations in a single package of financing through the senior affiliates, Rockpoint Partners and AECO, than to have the individual storage utilities, such as Wild Goose and Lodi, seek their own financing. This has been proven once again in the current 2018 Refinancing as

the inclusion of collateral from all the storage subsidiaries, including Wild Goose and Lodi, has enabled Rockpoint to secure relatively better financing terms than would have been possible otherwise. The 2018 Refinancing has been designed to maximize the borrowing ability of Rockpoint and its affiliates and to provide the maximum base of total assets to secure the refinancing. As in the case of the 2016 Refinancing, the assets of all Rockpoint's storage assets in Alberta, Canada, Oklahoma, Texas, and California will be pledged as security for the 2018 Refinancing. These same storage subsidiaries will also provide corporate guarantees for the ABL, the ICA, and the Notes.

Without the inclusion of the assets and revenues of all the affiliated storage companies in the security package, the lenders would have required higher interest rates and more onerous terms for the refinancing. Rockpoint also concluded that simply extending two of the existing financing agreements, the ABL and the ICA, was less costly and more efficient than negotiating and implementing entirely new loan packages.

With the amendment/extension of the ABL and the ICA, and the issuance of the Notes by Rockpoint Canada, the $150 million Term Loan Credit Agreement approved in the D.17-10-014 has now been fully paid off. The payoff of the Term Loan Credit Agreement also extinguished the security agreement by which Wild Goose and Lodi pledged their assets to secure that loan, as well as the corporate guarantees they provided for that loan. The proceeds of the 2018 Refinancing have also been used to pay off approximately $219 million in unsecured Senior Notes[17] that had reached their maturity date, as well as pay down a portion of the outstanding balance on the ABL. Fees and expenses related to the financing will total

[17] None of the Rockpoint storage entities, including Wild Goose and Lodi, provided any of their assets as collateral for the existing unsecured Senior Notes that will be paid off concurrently with the 2018 Refinancing.

approximately [redacted]. An additional [redacted] of accrued interest and early redemption premiums was paid to settle the unsecured Senior Notes. The net result of the 2018 Refinancing is that by paying off the maturing Notes and the Term Loan Credit Agreement with the proceeds from the new Secured Senior Notes, the Rockpoint entities continue to have ready access to the full amount of the lines of credit represented by the ABL and the ICA for an additional three years beyond 2018.

To comply with the Public Utilities Code, the provisions of the loan agreements and the Indenture defining the Notes provide that Wild Goose and Lodi will not extend collateral to secure the refinancing agreements or offer corporate guarantees beyond the December 17, 2018 date approved in D.17-10-014, or offer new collateral or guarantees, as applicable, until they have obtained an exemption, or approval, from the Commission to do so. Timely Commission approval of the exemptions is uniquely critical for the 2018 Refinancing because no other state or federal regulatory approvals in either the U.S. or Canada are required for Rockpoint and its subsidiaries to offer the necessary security and guarantees.

Each of the elements of the 2018 Refinancing are described in more detail below.

A. ABL Credit Agreement

The first transaction in the 2018 Refinancing is an extension and amendment to an existing asset-backed loan, the ABL, which serves as a revolving line of credit, executed by Rockpoint Partners, AECO, certain other Brookfield affiliates, and a consortium of lending banks. The ABL, which was originally approved in D.17-10-014, provides Rockpoint with a line of credit that varies with the value of the total eligible assets pledged by the combined storage companies as collateral, with a maximum availability of $230 million. As part of the 2016 Refinancing approved by the Commission, the Joint Applicants and certain other Brookfield entities executed a guaranty agreement to provide their respective corporate guarantees to secure

repayment of the sums borrowed on the line of credit, and executed a separate security agreement to encumber their respective assets as collateral for the line of credit. This security agreement includes all the Joint Applicants' physical and financial assets, including but not limited to, their storage facilities and plants, gas in storage to which they hold title, and accounts receivable owing from their customers. The Commission authorized the Joint Applicants to extend these guarantees and collateral until December 17, 2018.[18] The amendment to the ABL submitted in this proceeding extends the term of the line of credit for an additional three years to December 17, 2021. Accordingly, the Joint Applicants require an extension of the exemption granted by the Commission, or approval of the ABL, to extend their guarantees and collateral to match the extended term of the ABL. In language substantially similar to the original ABL, the guaranty and security agreements associated with the amended ABL contain specific provisions to the effect that the pledge of assets as collateral and the corporate guarantees by the Joint Applicants will not extend beyond December 17, 2018, until and unless the Commission grants an extension of the exemption or provides some other form of approval.[19]

In addition to extending the term of the ABL by three years, the amendment under review in this case contains some minor amendments. Several of the negative covenants that place limitations on the borrowers' ability to incur debt, sell assets, or transfer funds are

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[18] D.17-10-014, Ordering Paragraph 1, p. 22.

[19] See Exhibit JA-6. The language in the ABL Guaranty (U.S.) provides, "Notwithstanding anything herein to the contrary, the guarantee of the Guaranteed Obligations by Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. pursuant to this Guaranty shall be ineffective to the extent such guarantee requires a consent not obtained from the CPUC pursuant to any Law." Section 22, p. 14; the ABL Security Agreement (U.S.) includes the following Definition: "Excluded Collateral" means (a) any property to the extent that such grant of a security interest is…(ii)(x) prohibited by any Law without the consent of the CPUC, and (y) such consent has not been obtained from the CPUC pursuant to any such Law, provided further, upon receipt of the required consent of the CPUC the property described in subsection (a)(ii) above shall no longer qualify as Excluded Collateral.…", pp. 2-3. This latter provision has the effect of invalidating any security interest over the property of the Joint Applicants until the necessary exemption or approval of the Commission has been obtained.

modified slightly. The reporting requirements related to provision of the borrowers' financial statements are modified to align with the requirements under the Notes. Finally, the requirement to register liens against leasehold mortgage properties is now waived, which will reduce the costs related to such registration significantly.

The amended ABL and related guaranty and security agreements are appended to this Application as Exhibit JA-6. Limited portions of the agreement have been redacted and have been filed under seal pursuant to the Motion for Leave to File Under Seal and Maintain Confidentiality of Certain Information.

B. Intercompany Credit Agreement

The second transaction is an extension and amendment to the $100 million intercompany Credit Agreement[20] approved by D.17-10-014 in which Swan Equity Aggregator LP, a subsidiary of Brookfield, the ultimate parent of the Joint Applicants, provided Rockpoint and its storage subsidiaries with a "backstopping" loan for a maximum of $100 million to provide additional liquidity should the financing available from the other financing agreements prove insufficient, for some unforeseen reason, to cover all the working capital and operational needs of all the Rockpoint storage entities. As Brookfield currently has equity ownership of all these storage companies, there was no need to encumber their assets as collateral for the loan, and Brookfield simply required the storage entities, including the Joint Applicants, to provide their respective corporate guarantees for repayment of the loan. The Commission authorized the Joint Applicants to extend their guarantees for the ICA until December 17, 2018.[21] The

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[20] In Application 17-01-004, this loan was simply referred to as the Credit Agreement. In this Application the term "intercompany credit agreement", or ICA, is used to emphasize that the lender is part of the Brookfield group of companies.

[21] D.17-10-014, *supra*, Ordering Paragraph 1, p. 22.

amendment to the ICA submitted in this proceeding extends the term of the line of credit for an additional three years to June 15, 2022. Accordingly, Wild Goose and Lodi require an extension of the previously granted exemption from Commission, or approval of the ICA, to extend their guarantees to match the extended term of the amended ICA. The original Guaranty agreement executed with the original ICA is not being modified with the amendment to extend the ICA. The Guaranty provides that the guarantees of the Joint Applicants would not be effective beyond December 17, 2018 without an exemption or approval by the CPUC.[22] Commission issuance of the exemptions requested in this Application, or an approval of the transactions, will render the Joint Applicants' guarantees operative for the extended term of the amended ICA.

The amended ICA is appended to this Application as Exhibit JA-7. Limited portions of the agreement have been redacted and have been filed under seal pursuant to the Motion for Leave to File Under Seal and Maintain Confidentiality of Certain Information.

C. Senior Secured Notes

The third element of the 2018 Refinancing for which Joint Applicants seek an exemption or, in the alternative, Commission approval, includes the security and guarantees granted in relation to the issuance of Senior Secured Notes by Rockpoint Canada, a subsidiary of Rockpoint Partners, the managing senior affiliate of the Joint Applicants. The Notes were issued on February 14, 2018, in the aggregate principal amount of $400 million, and will mature on March 31, 2023. Rockpoint Partners and its other storage subsidiaries[23] are offering their

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[22] See Exhibit JA-7. The Guaranty signed by Wild Goose and Lodi in support of the original ICA states, "Notwithstanding anything herein to the contrary, the guarantee of the Guaranteed Obligations by Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. pursuant to this Guaranty shall be ineffective to the extent such guarantee requires a consent not obtained from the CPUC pursuant to any Law." Section 23, p. 11.

[23] BIF II CalGas (Delaware) LLC (Lodi's parent) and BIF II Tres Palacios Aggregator (Delaware) LLC are also providing guarantees, however they are affiliates of Rockpoint, not subsidiaries.

corporate guarantees and pledging their assets as security to ensure repayment of the Notes.[24] The terms of the Notes are specified in the Indenture governing the Notes, a copy of which is appended to this Application as Exhibit JA-8. Limited portions of the Indenture have been redacted and have been filed under seal pursuant to the Motion for Leave to File Under Seal and Maintain Confidentiality of Certain Information. The interest on the notes will accrue at the rate of 7% per annum and payable twice a year commencing on September 30, 2018. By this Application, the Joint Applicants are requesting an exemption, or alternatively approval, for their provision of assets as collateral and their guarantee for the full term until the Notes mature on March 31, 2023.

The Joint Applicants have executed the Indenture for the Notes and the related security agreements, however, these documents provide that the provision of collateral and the provision of a corporate guarantee by Wild Goose and Lodi to secure the Notes will only become effective after the Commission has granted the appropriate exemption.[25]

D. The 2018 Refinancing Agreements Contain Financial Penalties if CPUC Approval is Unduly Delayed

No other jurisdiction in North America requires advance approval of the Joint Applicants' provision of collateral and corporate guarantees to support the 2018 Refinancing.

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[24] As noted above, Wild Goose and Lodi did not provide assets as collateral for the existing unsecured Senior Notes that were paid off concurrently with the 2018 Refinancing. However, under current market conditions, the provision of collateral was required in order for Rockpoint to obtain acceptable interest rates and terms for the new Notes. Thus, the Notes will be secured by all of the assets of the storage entities within the Rockpoint family.

[25] See Exhibit JA-8, Indenture, February 14, 2018, Section 10.01, "…the Note Guarantee of each California Utility Guarantor will not become effective until receipt of the California Public Utilities Commission Approval", p. 95; The Notes Security Agreement (U.S.) attached to the Indenture includes the following Definition: "Excluded Collateral" means (a) any property to the extent that such grant of a security interest is…(ii)(x) prohibited by any Law without the consent of the CPUC, (y) such consent has not been obtained from the CPUC pursuant to any such Law, provided further, upon receipt of the required consent of the CPUC the property described in subsection (a)(ii) above shall no longer qualify as Excluded Collateral.…", p. 2. This provision has the same effect as the Excluded Collateral provision in the Security Agreement for the ABL.

Consequently, the lending institutions and note purchasers have required provisions in the various financing agreements that will financially penalize Rockpoint and its subsidiaries if CPUC approval for the 2018 Refinancing package is not forthcoming in a timely manner.

Specifically, the amended ABL contains a provision that will reduce the borrowing base upon which the line of credit is calculated, effectively reducing the total amount that Rockpoint and its affiliates may borrow, by the value of the liquid assets of Wild Goose and Lodi (approximately [redacted] depending on the time of the year) during any period when they are not authorized by the Commission to offer their assets as collateral.[26] This could occur if the Commission has not approved this Application by the maturity date of the original ABL, December 17, 2018.

The amended ABL contains a further provision that requires Rockpoint and its affiliates to limit their borrowing to maintain an available balance on the ICA equal to the borrowing base (effectively, the liquid asset value) of Wild Goose and Lodi assets if the CPUC has not approved this Application by November 1, 2018.[27] This obligation would cease after Dec. 2, 2018, or when the Commission approves the Application, whichever occurs first.

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[26] See Exhibit JA-6, ABL , Annex I, Definition of "U.S. Borrowing Base Parties," p. 52, which states in part, "on and after December 1, 2018, neither Lodi Gas Storage, L.L.C. nor Wild Goose Storage LLC shall be, or shall be deemed to be, a US Borrowing Base Party (and no Collateral of Lodi Gas Storage, L.L.C. or Wild Goose Storage LLC shall be included in the US Borrowing Base) unless and until all necessary regulatory approvals from the CPUC and the Guarantees and security interests contemplated by Section 6.17(b) have been obtained . . . ."

[27] See ExhibitJA-6, Amended ABL, Annex I, Section 6.19 Maintenance of Borrowing Capacity under the Last-Out Credit Agreement. This section reads, "If the necessary regulatory approvals from the CPUC and the Guarantees and security interests contemplated by Section 6.17(b) have not yet been obtained, provided and granted on terms reasonably satisfactory to the Administrative Agent prior to November 1, 2018, the US Borrower shall maintain, for the period November 1, 2018 through and including December 2, 2018, the ability to borrow under the Last-Out Credit Agreement in a principal amount equal to or greater than the US Borrowing Base attributable to each of Lodi Gas Storage, L.L.C. and Wild Goose Storage LLC during such period (as determined by the Administrative Agent in its Permitted Discretion)."

Alternatively, if the Application is not approved, the borrowing base of Wild Goose and Lodi available under the ABL shall be removed after December 2, 2018.

In addition, the Indenture for the Notes contains a provision that will increase the annual interest rate paid on the Notes, effectively penalizing Rockpoint and the other borrowers, by 0.5% (approximately $2 million in additional annual interest payments) if the Commission has not approved the Application by September 2019.[28] The rate premium would remain in effect until approval from the Commission has been obtained.

These provisions illustrate the importance of the Commission processing this Application promptly and efficiently, to avoid unnecessary increases in the cost of financing or a reduction in the funds accessible from the refinancing. The Joint Applicants will take every reasonable measure to move the proceeding along and will advocate for an accelerated schedule at the prehearing conference.

IV. JOINT APPLICANTS' REQUEST FOR EXEMPTION FROM SECTION 830 AND 851 APPROVAL

A. Joint Applicants' Request for Exemptions Related to Current Refinancing

The Joint Applicants' specific requests for exemptions from the requirements of Sections 830 and 851 for the 2018 Refinancing are consistent with Commission precedent and policy related to the regulation of independent gas storage utilities.

[28] See Exhibit JA-8, Indenture, February 14, 2018, p. 52, Section 4.01, which reads in part, "If the California Public Utilities Commission Approval has not been obtained by September 30, 2019, the interest rate accruing on the Notes will increase beginning on such date to a rate of 7.50% per annum until receipt of the California Public Utilities Commission Approval. On the date that the Note Guarantee of each California Utility Guarantor has become effective and each California Utility Guarantor has granted the security interests in the Collateral to secure the Notes as provided under the terms of this Indenture and the Security Documents, the accrual of such additional interest on the Notes will cease and the interest rate will revert to the original rate."

The need for either Commission approval or an exemption from the approval process is clear under the circumstances involved in this Application. Public Utilities Code section 830 requires a utility to obtain Commission approval before assuming any obligation or liability with respect to the obligations of its parent or affiliate if those obligations have a term of more than 12 months. The Joint Applicants will offer their respective corporate guarantees of repayment for both the amended ABL and the amended ICA and become guarantors of the Notes, and the loan agreements and the Notes have effective terms greater than 12 months. The transactions therefore fall squarely within the scope of Section 830.

Section 851 requires Commission approval before a utility encumbers its property. Offering to provide each utility's physical and financial assets (including natural gas owned by the utility held in the storage field) as collateral for their senior affiliate's refinancing is an encumbrance. The Joint Applicants are, therefore, required to obtain Commission approval under Section 851, or obtain an exemption from such approvals, before extending their pledge of assets and accounts receivable for three additional years to secure the indebtedness of senior affiliates in the context of the amended ABL and before offering their assets as collateral for the term of the Notes.

B. The Commission Has Regularly Granted Similar Exemptions from Financing Authorizations to Independent Gas Storage Providers

Sections 829(c) and 853(b) allow the Commission to exempt any public utility from the pre-approval requirements of Sections 816–830 and 851.[29] The Commission has regularly exempted independent gas storage providers from the requirements of Sections 816–

[29] See *Application of Lodi Gas Storage*, D.00-12-026, p. 7. Section 829(c) provides in pertinent part that "[t]he commission may . . . exempt any public utility or class of public utility from [Article 5] if it finds that the application thereof . . . is not necessary in the public interest." Section 853(b) also provides in pertinent part that "[t]he commission may . . . exempt any public utility or class of public utility from [Article 6] if it finds that the application thereof . . . is not necessary in the public interest."

830 and 851 for the purposes of financing utility operations.[30] Most recently, the Commission granted the Joint Applicants an exemption for a refinancing transaction in D.17-10-014, finding that the proposed encumbrance of utility assets did not involve or affect the public interest and did not impair the utilities' ability to continue to provide safe and reliable service.[31] The Commission previously granted a general exemption to Central Valley Gas Storage from the requirements of Sections 818 and 851 for the purpose of issuing debt and equity to finance utility-related investments and operations.[32] In granting this exemption, the Commission noted that it "routinely grants exemptions from § 818 [and] § 851 . . . for debt and equity issued by utilities that (1) possess no market power, and (2) bear all risks for their business activities."[33] The Commission also granted Gill Ranch Storage an exemption from Sections 818 and 851 for project-specific financing because Gill Ranch would have no captive customers and would bear all the financial risk of the project.[34] Lack of market power and total risk to shareholders continue to be the standards by which the Commission judges the prudence of exempting a utility from Sections 816–830 and 851.

As referenced above, Lodi has been granted exemptions by the Commission on three separate previous occasions on both a project-specific and a continuing basis. Before the recent exemption authorized by D.17-10-014, the Commission in 2000 granted Lodi a project-specific exemption under Sections 829 and 853 from Sections 816–830 and 851 to obtain

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30 See *Application of Lodi Gas Storage*, D.00-12-026, p. 7; *Application of Lodi Gas Storage*, D.04-03-020, p. 5; *Application of Gill Ranch Storage*, D.09-10-035, pp. 54–56; *Application of Central Valley Gas Storage*, D.10-10-001, p. 41.

31 D.17-10-014, p. 2.

32 *Application of Central Valley Gas Storage,* D.10-10-001, p. 27.

33 *Id.*

34 *Application of Gill Ranch Storage,* D.09-10-035, pp. 56–57.

financing for its project to construct its original gas storage facilities near Lodi, California.[35] In granting this exemption, the Commission noted that Lodi operated using market-based rates and was not subject to a cost-of-service, rate-of-return regulatory framework, that Lodi's ratepayers bore no risk for its investment and operations, and that Lodi had no market power.[36] Under these circumstances, the Commission found, it was unnecessary to place a high regulatory burden on Lodi's financing.[37]

In 2004, the Commission granted Lodi a specific exemption under Section 853(b) from Section 851 for the limited purpose of assigning its accounts receivable to secure a short-term (less than 12 months) working capital line of credit in the amount of $5 million and a general "continuing" exemption for assigning future accounts receivable of up to $10 million for securing revolving lines of credit through loan agreements with terms up to three years.[38] The Commission again noted that Lodi's shareholders bore all the risk of its operations and investments, that Lodi operated using market-based rates, and that the record contained no evidence that Lodi possessed market power.[39]

When granting Wild Goose's CPCN to enter the independent gas storage market, the Commission authorized it to charge market-based rates.[40] The Commission found Wild Goose's shareholders were entirely at risk for its unmarketed or discounted capacity, and that no risk of cross-subsidization existed.[41] Despite the lack of market power, the initial Commission

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35 *Id.* at Ordering Paragraph No. 1.

36 *Id.* at p. 7.

37 *Ibid*.

38 *Application of Lodi Gas Storage*, D.04-03-020, p. 1.

39 *Id.* at p. 5.

40 *Application of Wild Goose Storage*, D.97-06-091 (1997 Cal. PUC *LEXIS* 503), p. *11.

41 *Id.*

CPCN decision directed Wild Goose to file tariffs disclosing its short term marginal costs.[42] Following a Petition for Modification, Decision 98-06-083 relieved Wild Goose from this cost filing requirement, citing the fact that Wild Goose was granted the right to charge market-based rates, its lack of a captive customer base, and its lack of market power.[43] Subsequent Commission decisions authorizing Wild Goose to expand its facilities have reaffirmed the propriety of allowing Wild Goose to operate using market-based rates[44] because the facts supporting the original grant of market-based rates had not changed.

Moreover, in a decision approving proposed financing, similar to the financing proposed in this Application,[45] in connection with the transfer of control of Wild Goose to Niska in 2006, the Commission stated that,

> "[i]n considering this financial proposal, we are mindful that we have not held independent gas storage providers to the same cost of capital standards as the traditional public utilities…. Our rationale for allowing more risky financing for independent gas storage providers is that they have no captive customers, are not subject to cost of service regulation, and bear their own investment and operations risks."[46]

Similar exemptions are appropriate in this Application. Brookfield, the ultimate parent of Rockpoint Partners and both Wild Goose and Lodi, is a highly capitalized and

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42 *Id.* at pp. *6–13. Four Commissioners dissented from this requirement. (See D.98-06-083.)

43 *Petition for Modification of Decision 97-06-091*, D.98-06-083 (1998 Cal. PUC LEXIS 481), at pp. *8–12.

44 D.02-07-036, pp. 17–20; D.10-12-025, pp. 9–10; D.13-06-017, p. 13.

45 The Carlyle/Riverstone Funds financed the acquisition of all of the gas storage entities and assets that comprised EnCana Corporation's gas storage business partly through equity and partly through debt. All debt associated with this financing was issued at the equivalent of a parent company level by subsidiaries of the Carlyle/Riverstone Funds. No debt was issued by Wild Goose, but all of the financing required for the Carlyle/Riverstone Funds' acquisition of the entities and assets of EnCana Corporation's gas storage business were secured by cross-collateralized security agreements and cross guarantees. Under this arrangement, all of the financing was guaranteed by all of the subsidiaries that own the gas storage facilities and other assets the Carlyle/Riverstone Funds acquired from EnCana Corporation, including Wild Goose. In addition, liens were granted on the gas storage assets as security for all of the financing related to the acquisition.

46 D.06-11-019, pp. 22.

experienced infrastructure investor, with approximately $265 Billion in capital assets under management, more than seven times the value of assets under management by the Riverstone Funds who were the primary managers of the Niska storage companies after the 2006 acquisition. The risk associated with allowing Wild Goose or Lodi to pledge their assets to secure debt or Notes issued by their senior affiliates in the Brookfield corporate family is clearly less than the risk the Commission found acceptable in D.06-11-019.

In sum, when a utility's ratepayers are protected from any risk associated with potential investments, and where the utility operates in a competitive market, *the public interest is not served by regulating the utility's financial structure*.[47] There is no Commission policy or precedent that favors regulating the Joint Applicants' use of their assets or accounts receivable to secure financing for their parent companies.[48] The Joint Applicants' requests should therefore be granted.

V. BENEFITS OF REFINANCING

A. Financial Benefits of Refinancing

The 2018 Refinancing will have several financial and operational benefits for the Joint Applicants. Consistent with the earlier 2016 Refinancing, there are no changes to the Wild Goose or Lodi ownership structure, as neither entity is issuing any of its own equity or debt. Nor is there any change to their capital structure or the amount of leverage in their existing capital structure. The 2018 Refinancing will stabilize Rockpoint's capital structure over the medium term. This stability benefits both the Joint Applicants and their customers.

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[47] D.04-03-020, p. 4.

[48] An exemption from the Commission's New Financing Rule (formerly the Competitive Bidding Rule) is not necessary. (See D.12-06-015, Attachment A.) The New Financing Rule applies to utilities issuing long-term debt; Wild Goose only proposes to offer a guarantee and securitization of its assets.

As explained in Application 17-01-024, the acquisition of Wild Goose and Lodi by Brookfield, and their subsequent management by Rockpoint, has already provided financial benefits to both storage utilities. Standard & Poor's upgraded the credit rating of Rockpoint's predecessor, Niska, by three levels because Brookfield was able to inject over $400 million into the storage business by assuming senior unsecured publicly traded debt and because of the successful conclusion of the 2016 Refinancing. Rockpoint has been advised that both Standard & Poors and Fitch will upgrade their current ratings for Rockpoint's debt by one increment because of the 2018 Refinancing and the additional security provided in the financing package. These higher credit ratings assist in lowering the cost of day-to-day business activities and directly assist the Joint Applicants.

This 2018 Refinancing builds upon the successful 2016 Refinancing by extending the ABL and the ICA for an additional three years. The amendments which extend the two agreements will also reduce costs and facilitate the administration of the two loan agreements. The issuance of the $400 million of Notes has provided financial resources for the entire suite of Rockpoint storage companies. It also permitted the full payoff of the $150 million Term Credit Agreement and the $219 million balance on the maturing unsecured Senior Notes. Most importantly, the 2018 Refinancing will continue to allow Wild Goose and Lodi to have access to the ABL and ICA lines of credit to provide working capital and operational funds as needed at a lower cost and on better terms than otherwise available if the Joint Applicants went to the credit markets on their own. In fact, it is unlikely that the Joint Applicants would have been able to secure reasonable financing if they approached the debt/credit markets alone.

The Joint Applicants request that the Commission *expeditiously* approve the 2018 Refinancing. It is important that the approval or exemptions requested be obtained before the

authority provided in D.17-10-014 expires on Dec. 17, 2018. This is because a "gap" in the ability of the Joint Applicants to provide their corporate guarantees and to provide collateral to support the amended ABL would negatively impact the amount of credit available to the Rockpoint storage companies, including Wild Goose and Lodi. As explained in Section III.D above, the ABL and the Notes provide for financial penalties and restrictions on Rockpoint's ability to borrow should there be delays in Commission approval of the 2018 Refinancing.

The fact that the 2018 Refinancing takes place at the level of the senior affiliates, Rockpoint Partners, Rockpoint Canada and AECO, will not have any negative effect on the ability of Wild Goose and Lodi to operate their storage facilities and provide service to their customers. In fact, the inclusion of all the Rockpoint storage subsidiaries in the security package for the refinancing has enabled Rockpoint to obtain better terms and interest rates than would otherwise have been possible. Without the combination of all the storage subsidiaries' assets in the security package, lenders and note purchasers would have insisted on higher interest rates and more onerous terms for the loans and the Notes.

As explained in A.17-01-024, the net proceeds from the refinancing are available to the storage companies in the Rockpoint family. Rockpoint will provide funding to the operational storage companies, including Wild Goose and Lodi, for working capital and for operational expenses, as needed, to the extent that the retained earnings of the storage companies are insufficient to cover expenses and capital requirements. During the course of A.17-01-024 Rockpoint, Wild Goose and Lodi stipulated with the Office of Ratepayer Advocates ("ORA") that Rockpoint would commit to provide sufficient funding for Wild Goose and Lodi in any future refinancing.[49] While the stipulation was not adopted by the full Commission in its

[49] A.17-01-024, Joint Motion to Enter Stipulation, pp. 2–3. The Stipulation provided in part, "In any future refinancing that falls within the scope of the continuing exemption requested in A.17-01-024,

decision approving the 2016 Refinancing, Rockpoint has clearly fulfilled this commitment from the stipulation with ORA, because the 2018 Refinancing provides a total package of financing which is fully adequate to fund both the Joint Applicants during the term of the financial agreements.

B. Financial Requirements of Wild Goose and Lodi For Period Covered by the 2018 Refinancing Transactions

1. Operating Costs

The Joint Applicants have determined that given their current and expected levels of cash flows and anticipated storage pricing over the period tied to the refinancing they will require additional financing to ensure sufficient funds are available to cover basic operating expenditures. This is primarily due to seasonal cash flow variations during the gas storage year. Revenues and expenses can significantly fluctuate throughout the year based on the natural gas markets, weather events, seasonal demands and individual customer requirements. Accordingly, the Joint Applicants intend to obtain any necessary funds to address any potential cash flow shortfall from such events from the refinancing transactions that are the subject of this Application.

The Joint Applicants have provided confidential estimates of their operational expenses for their natural gas storage operations for 2018. See Exhibits JA-9 and JA-10, which have been filed under seal pursuant to the Motion for Leave to File Under Seal and Maintain Confidentiality of Certain Information. It is not anticipated that these operational expenses will vary significantly on an annual basis during the period of the financial transactions which are the

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Rockpoint commits that the total amount of such financing will be structured to ensure that there is sufficient funding for the operations of Wild Goose and/or Lodi, consistent with the sound management practices of the gas storage industry."

subject of this Application, other than the estimated additional costs of CARB and DOGGR compliance addressed in sub-sections 2 and 3, below.

2. Cost of Compliance with California Air Resources Board Regulations

Joint Applicants also anticipate making additional expenditures during the refinancing period to comply with recently enacted regulations[50] of the California Air Resources Board addressing gas detection and monitoring and maximum allowable leak rate. A one-time capital expense will be incurred to install continuous gas detection monitoring devices at each of the Wild Goose and Lodi facilities by 2019. The exact amount to be spent will be conditional on CARB's approval of a monitoring plan proposed by the operator. Rockpoint has budgeted [redacted] for Wild Goose and [redacted] for Lodi to implement the proposed plans at each facility. The Joint Applicants have also estimated the additional annual operating cost to accommodate more frequent replacement of compressor rod packings to ensure compliance with the maximum allowable packing vent leak rate. That estimate averages [redacted] per year at each of their respective storage facilities, starting in 2019. The funds from the refinancing will be available to the Joint Applicants, if their operating revenues prove insufficient, to ensure the CARB regulations are satisfied.

3. Cost of Compliance with DOGGR Regulations

During the refinancing period, Wild Goose and Lodi will expend funds to comply with the soon to be enacted regulations of the Department of Conservation's Division of Oil, Gas, and Geothermal Resources ("DOGGR"). On February 12, 2018 DOGGR issued a document entitled: Requirements for California Underground Gas Storage Projects, First Revised Text of Proposed Regulations.[51] The Revised Regulations call for underground storage companies to

[50] See Cal. Pub. Res. Code § 3183.

[51] http://www.conservation.ca.gov/dog/general_information/Pages/UGSRules.aspx

come into full compliance with the new rules for installation of new safety equipment in all their wells within a seven year time frame, with 10% of wells coming into compliance within year one, and 15% of the remaining wells coming into compliance in each subsequent year. New requirements for the frequency and type of well inspections are adopted as well.[52] Comments on these Revised Text of Proposed Regulations are due on February 27, 2018. Following receipt of these comments it is anticipated that DOGGR will issue its final regulations on or about July 1, 2018. Submission, negotiation and approval of individual storage facility compliance plans is expected to occur over the following six to nine months. As a result, the Joint Applicants may not actually begin to incur the costs of compliance activities until 2019.

Though the proposed DOGGR regulations are not finalized, Joint Applicants have prepared a projected compliance schedule and an estimate of the cost of compliance, based upon the Revised Text of Proposed Regulation issued on Feb. 12, 2018, which is set forth in Exhibit JA-11 and has been filed under seal pursuant to the Motion for Leave to File Under Seal and Maintain Confidentiality of Certain Information. The Joint Applicants have previously estimated DOGGR compliance costs in the process of budgeting for the total amount of borrowing for the 2018 Refinancing. The costs calculated based upon the latest version of the DOGGR regulations are not substantially different than the preliminary estimate used for budgeting compliance costs during the preparation of this Application.

As demonstrated by Exhibit JA-12, the total financial resources available in the 2018 Refinancing is many multiples of the costs of compliance with the new regulations, providing assurance that adequate funds will be available if either or both of the Joint Applicants require additional resources above their operating revenues to fund compliance with the

[52] See discussion in Section VI.A.2, *infra*.

regulations. Exhibit JA-12 has been filed under seal pursuant to the Motion for Leave to File Under Seal and Maintain Confidentiality of Certain Information.

C. The Proceeds from the 2018 Refinancing Will be Allocated as Needed to Meet the Joint Applicants' Financial Requirements

The total amount of the 2018 Refinancing was determined after careful budgeting based upon the forecasted requirements of all the Rockpoint storage companies, including the Joint Applicants. As explained above, this analysis considered the costs necessary for Wild Goose and Lodi compliance with the new CARB regulations as well as the new DOGGR regulations, and the anticipated budget was reconfirmed after receipt of the latest revision of the proposed DOGGR regulations on Feb. 12, 2018.

The total financial resources available from the 2018 Refinancing, including the amended ABL, the amended ICA and the Notes, is $730 million. After the payoff of the Term Loan Credit Agreement and the maturing unsecured Notes, approximately $330 million will remain for meeting the needs of the Rockpoint storage companies.[53] This sum, which is additive to earnings of the storage affiliates, is more than sufficient to cover the expected operational needs of Wild Goose and Lodi, including CARB and DOGGR compliance costs over the three year period of the refinancing, without affecting the ability of Rockpoint to provide funding, if required, to its other storage affiliates.

The proceeds from the refinancing will be distributed by Rockpoint to the operating storage companies, including the Joint Applicants, to provide working capital and for operational expenses, as needed, to the extent that the retained earnings of the individual storage companies are insufficient to cover expenses and capital requirements.

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[53] This amount is equivalent to the full line of credit available under both the ABL and the ICA.

The process Rockpoint will use for allocating funds from the proceeds of the 2018 Refinancing transaction is precisely the same as the process that the Commission relied upon in approving the 2016 Refinancing in D. 17-10-014. While noting that the financial transactions at issue did not require specific amounts to be allocated to each storage company, the Commission determined that the loans considered each company's projected operating and cash flow needs and were sufficient to ensure that Lodi and Wild Goose received the funds necessary to continue to operate safely and reliably during the period subject to the financial transactions at issue.[54]

The Commission's decision to approve the 2016 Refinancing in reliance upon Rockpoint's procedure for allocating funding to all its storage subsidiaries is validated by Rockpoint's history of allocating funds to Wild Goose and Lodi. As an example, as shown in Exhibit JA-13 hereto, which has been filed under seal pursuant to the Motion for Leave to File Under Seal and Maintain Confidentiality of Certain Information, Wild Goose has been allocated [redacted] from Rockpoint, the primary borrower under the ABL, during the period of April 2017 through December 2017, while Lodi has received [redacted] from the same source during that same period.[55] A closer look at the distributions over time demonstrates that Wild Goose and Lodi required only modest financial support for much of 2017, with the amounts distributed varying with cash flow fluctuation. In effect, the system worked as anticipated in the previous Application, and Rockpoint was able to provide the necessary funding to both Wild Goose and

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[54] See Decision 17-10-014, pp 11–12.

[55] Exhibit JA-14. The Joint Applicants point out that the Exhibit details funds distributed to either Wild Goose or Lodi by Rockpoint, the primary borrower, but the amounts cannot be strictly correlated with the distribution of proceeds from the ABL or ICA. Consistent with efficient cash management principles, the revenues from all the storage subsidiaries are comingled at the Rockpoint level along with the amounts borrowed under the ABL and ICA. Unless the ABL and ICA balances are at $0 (no money borrowed) when Rockpoint funds Wild Goose or Lodi, it can be assumed that some funds from the lines of credit are included in the financial support from Rockpoint, but it is not feasible to identify the specific sums obtained from either the ABL or ICA.

Lodi, when they needed it, without extraordinary measures such as "earmarking", or allocating fixed amounts to either company.

The successful management of the 2016 Refinancing, which enabled Rockpoint to provide the Joint Applicants with the financial support they required in a timely manner, provides strong support for the conclusion that the Commission should approve the 2018 Refinancing on the grounds that Rockpoint has demonstrated the ability to efficiently and responsibly allocate funding to all of its storage subsidiaries, including the Joint Applicants.

D. The 2018 Refinancing Meets the Same Standards Cited by the Commission in Approving the 2016 Refinancing

In D.17-10-014 the Commission found that the 2016 Refinancing transactions provided assurance that the Joint Applicants would have sufficient resources to provide safe and reliable service through the period that the financing agreements would be in place.[56] In this Application, the Joint Applicants have provided sufficient support for the Commission to reach the same conclusion with regard to the 2018 Refinancing. Specifically,

1. The working capital and operational needs of Wild Goose and Lodi have been considered in determining the total amount of funds to be borrowed[57];

2. The extension of the ICA continues to provide sufficient contingent liquidity ($100 million) should the financing from the ABL and the Notes prove insufficient to cover the needs of all the Rockpoint storage companies[58];

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56 D.17-10-014, p. 13.

57 *Id.*, p. 11; Section V. B. and C. above.

58 *Id.*, p. 12; Section III.B. above.

3. The costs of complying with CARB and DOGGR regulatory mandates for environmental quality and safety have been taken into account in the determination of the total amount of financing by Rockpoint[59];

4. The ABL and the ICA are only extended by three years beyond the December 2018 limit on the exemptions granted in D.17-10-014, and given that a significant portion of the DOGGR safety improvement costs are likely to be expended beyond that time in light of DOGGR's proposed seven-year compliance plan, the Joint Applicants will be able to finance most of the DOGGR compliance costs in the next round of refinancing[60];

5. The Joint Applicants have established that the primary borrowers have sufficient financial resources to repay the loans and notes[61]; and

6. The total amount of security for the 2018 Refinancing (i.e., the value of the collateral assets provided by Rockpoint and its storage affiliates) is actually over [redacted], or greater than the amount that the Commission relied upon in D.17-10-014[62]. The total security available to support the 2018 Refinancing remains substantially greater than the borrowings under the ABL, ICA, and the Notes.[63]

Accordingly, the Commission should grant the exemptions requested in this Application, as the Joint Applicants have once again established that their refinancing

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59 *Id.*, p. 13; Section V. B.2. and B.3. above.

60 *Id.*, p. 12-13; Section III.A. and B. and Section V.B.3.above.

61 *I* *Id.*, p. 13; Sections IV.B., pp. 23-24; V. A, p. 25.

62 In D.17-10-014, the Commission used the value of the former Niska storage properties as a proxy for the total security pledged as collateral for the 2016 Refinancing. The former Niska properties were acquired by Brookfield for [redacted]. Brookfield has also acquired both the Lodi and Tres Palacio facilities, raising the total value of the storage assets managed by Rockpoint to over [redacted].

63 *Id.*, p. 13; Section III.

transactions are reasonable and adequate to support the Joint Applicants. The Joint Applicants have also demonstrated that the proposed encumbrance of their respective assets will not impair their ability to provide safe and reliable services through the financing period, and that the refinancing does not affect the public interest.

VI. SAFETY IMPACTS OF REFINANCING

In this Section the Joint Applicants address the safety considerations related to the Application, as required by Rule 2.1(c) of the Commission's Rules of Practice and Procedure. The proposed transactions will affirmatively support, rather than hinder, the Joint Applicants' ability to operate their respective storage facilities in a safe and responsible manner. The funds secured by the transactions will be available to Wild Goose and Lodi, if their operating revenues are not sufficient, to fund the infrastructure upgrades and regular testing required by DOGGR and the California Air Resources Board ("CARB"). The funds will also be available to Rockpoint and its gas storage affiliates, as necessary, to facilitate ongoing enhancement of company-wide safety practices and protocols. The Joint Applicants and their Rockpoint storage affiliates have exemplary operating histories. The assurance of continued financial support from Rockpoint will enable the Joint Applicants to continue to operate their facilities as they always have: safely and reliably.

A. New Safety and Environmental Regulations

This section of the Application details the specific new safety and environmental regulations that Wild Goose and Lodi will be required to address during the period of the 2018 Refinancing. As explained in the preceding sections, the anticipated cost of compliance with these regulations has been estimated and considered in budgeting for the total amount of the 2018 Refinancing.

1. The California Air Resources Board

Senate Bill 887 (2016) added Section 3183 to the Public Resources Code, which directs CARB to adopt regulations that establish what constitutes a reportable leak from a gas storage well and the timeframe for reporting that leak. In response to these regulations, the Joint Applicants will be installing continuous gas detection monitoring devices and continuous gas detection monitoring devices. Joint Applicants will also replace compressor rod packings more frequently to ensure compliance with the maximum allowable packing vent leak rate.

2. The Division of Oil, Gas, and Geothermal Resources

DOGGR is in the process of promulgating new gas storage well construction, monitoring, and safety requirements.[64] The February 12, 2018 First Revised Text of the DOGGR Proposed Regulations remains subject to revision after the submission of comments within 15 days, but appears to be close to a final version of the new regulations. These regulations would impose several requirements that purport to enhance the safety of all underground gas storage facilities, including the Wild Goose and Lodi storage facilities.

Proposed Section 1726.5 of the DOGGR regulations requires that gas storage wells be completed with both primary and secondary mechanical well barriers to isolate the stored gas. Joint Applicants expect compliance with this requirement to be achieved by installing tubing on packer inside the production casing. The latest draft of the proposed regulations would require that every storage operator bring all its facilities into compliance within seven years. This requirement is to be met by bringing 10% of all wells into compliance in year one, and 15% of the wells into compliance in each of the succeeding six years. Proposed Section 1726.6 requires a suite of mechanical integrity tests to be conducted on every gas storage

[64] See Section V.B.3. above, and Underground Gas Storage Projects, First Revised Text of Proposed Regulations, Cal. Code Regs., tit. 14, § 1726 *et seq.*, http://www.conservation.ca.gov/dog/general_information/Pages/UGSRules.aspx.

well at different intervals. Temperature and noise logging will be conducted annually. Casing wall thickness inspection will be performed every two years. Pressure tests of the production casings will also be performed every two years. DOGGR can approve less-frequent testing schedules if the storage operator demonstrates to DOGGR's satisfaction that the well's corrosion rate is low enough, and that other measure exist to ensure well integrity, such that biennial testing is not warranted.

Proposed Section 1726.7 requires that every casing annulus have a pressure sensor to gather data in real-time and transmit the data to an operations monitoring sensor. Wild Goose's wells already each have one such sensor that measures pressure common to the tubing and casing. To comply fully with this new requirement, two additional sensors must be installed in each of Wild Goose's wells. Lodi must install the required sensors as well. This Section would also require that the operator develop a program to conduct gas detection logs on each gas storage well at unspecified intervals to detect gas indications behind the casing.

B. Safety Culture in the Rockpoint Gas Storage Family

1. Health, Safety, and Environmental Policies

Joint Applicants have sterling operating histories due to the safety culture that requires all management and operational policies to emphasize safe operations. This is doubly true of Rockpoint's management and operational philosophy. As detailed above, Wild Goose and Lodi are managed by Rockpoint, the largest independent owner and operator of natural gas storage in North America. Across its entire family of storage entities, Rockpoint has worked for 11 years, including a combined 2,490,060 work hours, with zero Lost Time Injuries. Wild

Goose and Lodi have suffered no high-risk security incidents[65] since they started operations in 1999 and 2002 respectively. Wild Goose and Lodi are also the subject of numerous audits and reviews by the Commission and DOGGR; to date, all such audits and reviews have been conducted and concluded to the satisfaction of the regulators.

Since its inception, Wild Goose has constantly maintained a very high level of compliance in all aspects of health, safety, security and environment. Internal safety inspections are performed annually and all findings are addressed. External safety compliance audits are contracted every 5 years to ensure that Wild Goose maintains the highest level of compliance. Wild Goose has received numerous awards by the DOGGR for outstanding lease maintenance and has never received a serious offense non-compliance letter from a California regulatory agency. Wild Goose has never had a Lost Time Injury or a reportable environmental incident.

Lodi, which began commercial operations in 2002, has operated safely and reliably without a missed nomination or a Department of Transportation (DOT) reportable incident. Over the past 16 years, Lodi employees have worked over 540,000 man-hours without a single Lost Time Injury. Lodi constantly maintains a high standard of compliance with respect to health, safety, security, and environment. Both internal and external inspections are routinely conducted at Lodi facilities and inspection findings are addressed in a timely manner. Lodi has received numerous awards from DOGGR in recognition of outstanding lease maintenance and twice received the "Company Sustained Safety Achievement Award" from the Central California Safety Council.

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[65] High-risk security incidents occur where the safety of employees or operations could be jeopardized, or the reputation of a business could be severely compromised by a breach of gas storage well barriers that are designed to protect a business, its employees, and the public.

Rockpoint implements its Health, Safety & Environmental ("HSE") Policy across all the facilities it manages. Some of the key elements of Rockpoint's HSE Policy are:

- Risk Management Plans for each facility are developed to identify risks caused by potential hazards, assess risk levels, and determine the best risk mitigation measures;
- Facilities constructed by Rockpoint storage entities are designed to high standards and prevention measures are incorporated into each facility's operating plan. Any sub-standard equipment or facility elements that are inherited from previous operators when a facility is acquired are identified in the risk management process and mitigation measures are implemented to mitigate the risk;
- Pipeline Integrity Management Plans and Pressure Equipment Integrity Management Plans set forth procedures for monitoring, inspection, and maintenance of pressurized equipment;
- Rockpoint develops for each facility a Five-Year Capital Maintenance Plan that is reviewed yearly to ensure capital spending is allocated according to priorities of physical security, regulatory compliance, and operational reliability;
- Mitigation procedures and programs are in place to reduce the risk of a breach to physical barriers in the storage wells due to inadvertent acts by company personnel or hired contractors. These programs and procedures include Supervisory Control and Data Acquisition (SCADA) systems that monitor operating conditions at all times and

prevent set operating limits from being exceeded; training programs for operations and maintenance personnel; work permit procedures; multi-disciplinary team risk assessments and safety reviews are performed for work programs, and management sign-off is required before initiating workovers on wells; annual Health, Safety & Environment inspections of all facilities;

- Public Awareness Programs are conducted to mitigate the risk of a breach to subsurface gas containment infrastructure by a third party. A Pipeline Safety brochure is mailed annually to the affected members of the public, public officials, excavators, and emergency responders; this brochure is accompanied by a letter from the company expressing the importance of pipeline safety. Rockpoint and certain of its affiliates conducted telephonic and web-based pipeline safety surveys in fall 2017. Wild Goose conducts face-to-face liaison meetings with contracted land agents and landowners or residents within a half-mile emergency awareness zone;
- Rockpoint's Emergency Preparedness and Response plans are developed to comply with CSA Z731-03 and local regulations. These regulations include annual tabletop emergency preparedness and response exercises with all facility maintenance and operations personnel; annual emergency preparedness and response and site orientations with local county and state agencies and local fire departments; tabletop emergency preparedness and response exercises

every three years with county and state agencies and local fire departments;

- Rockpoint's corporate HSE Policy statement is endorsed by the President and CEO and displayed at each facility;
- The HSE Policy states expressly that Rockpoint "will not jeopardize or compromise [its] HSE Principles for profit or production."[66]

A complete copy of Rockpoint's HSE Policy is Exhibit JA-15 to this Application. The Natural Gas System Operator Safety Plan ("Safety Plan") of both Wild Goose and Lodi can be found on the Commission website.[67]

An equal emphasis on safety is an extremely important part of Brookfield's management culture. Rockpoint's ultimate parent owns and operates a tremendous amount of critical infrastructure around the world. Accordingly, Brookfield management insists that safety is a primary focus of every management process. A substantial number of HSE audits are performed annually at every Brookfield entity, and HSE reporting requirements are strictly enforced, with Brookfield directly receiving a vast amount of HSE compliance material in order to ensure active supervision of HSE protocols. It is not an overstatement to say that there is a very strong concern for safety "at the top" of the Brookfield investment enterprise.

2. Rockpoint Management is Committed to Safety

The safety culture in the Rockpoint family of storage assets is not limited to operational and environmental procedures or written policies. Rockpoint's management has

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66 Rockpoint Health, Safety & Environmental Policy, *HSE Principles*.

67 The Wild Goose Safety Plan can be found at: http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/Natural_Gas_Pipeline/Plans_and_Reports/WGS%20Gas%20Safety%20Policy%20and%20Plan.pdf ; and the Lodi Safety Plan can be found at: http://www.cpuc.ca.gov/uploadedFiles/CPUC_Public_Website/Content/Safety/Natural_Gas_Pipeline/Plans_and_Reports/2017%20Lodi%20Natural%20Gas%20Safety%20Plan.pdf.

extensive personal experience in the gas storage industry and is committed to ensuring that Rockpoint and its affiliates operate safely and responsibly. Rockpoint management stays abreast of and actively participates in the evolution of safety regulatory policies in both the United States and Canada. California and Alberta, both of which Rockpoint operates in, are leaders in the development of safety regulations for the natural gas industry. Through direct interaction with its regulators, and by its membership and participation in industry associations such as the American Gas Association and the Canadian Standards Association, Rockpoint has an intimate understanding of the evolving safety policies of both countries, which are reflected in Rockpoint's own corporate safety culture.

Rockpoint's senior management team includes the following individuals with specific responsibility for ensuring safe operations:

President and Chief Executive Officer: Simon Dupéré, Rockpoint's Chairman, President, and CEO, is responsible for managing, operating, and expanding over 315 Bcf of natural gas storage facilities located in key markets throughout North America. Mr. Dupéré has 30 years of active experience leading and managing multidisciplinary teams in the upstream and midstream gas industry, with both start-up and senior Canadian and U.S. companies. Before joining Rockpoint, Mr. Dupéré founded SIM Energy LP, which was established to manage, operate, and develop Brookfield's growing natural gas storage asset platform. Following the Brookfield acquisition, SIM Energy was incorporated into the Rockpoint family of companies. Mr. Dupéré previously served as President and CEO of Niska, the largest independent publicly traded (NYSE) owner and operator of natural gas storage facilities in North America; Niska doubled its gas storage capacity under Mr. Dupéré's management. Notably, before joining Niska, Mr. Dupéré served as an active member of the Canadian Standards Association technical

committee on underground natural gas storage and was a key participant in the development of the Canadian Association's gas storage safety standards. Earlier in his career, Mr. Dupéré held a series of positions as a geophysicist and reservoir engineer for major oil and gas companies.

Vice President, Engineering and Operations: Mathieu Fournier has over 17 years of experience with gas storage development and operations. Before assuming his current role, Mr. Fournier held reservoir engineering and team management positions within Niska since 2008; he played an integral role in growing the gas storage capacity of the assets under his management. Mr. Fournier was previously a reservoir engineer at Intragaz Inc., a natural gas storage company in Québec, where he oversaw its underground storage assets.

Manager of Environment, Health, and Safety: Kelly Baltimore has over 30 years of experience in training the Health and Safety profession and has 12 years doing so in the natural gas industry, all with Rockpoint and Niska. Mr. Baltimore previously worked as Senior Health and Safety Advisor for Inter Pipeline Ltd., which had significant petroleum transportation, storage, and liquefied natural gas processing operations. Mr. Baltimore also worked in the open-pit mining industry for 17 years, 4 as the Health and Safety Coordinator and 13 as a certified tradesperson. Additionally, Mr. Baltimore served as a part-time ambulance paramedic in British Columbia for 14 years and was heavily involved in open pit mine rescue as an instructor and leader.

Compliance Manager, Engineering and Operations: Greg Clark has over 16 years of experience with regulatory compliance in the oil and gas industry. Before assuming his current role, Mr. Clark held Health, Safety, Security, and Environment and regulatory compliance management positions with Buckeye Partners, L.P. since 2009, during which time he played an integral part in the acquisition of Lodi by BIF II CalGas L.L.C. in 2015. Earlier in his

career, Mr. Clark was an inspector for the Pennsylvania Department of Environmental Protection.

Rockpoint's management team has the *bona fides* necessary to ensure that Rockpoint's gas storage assets operate safely and without incident. Rockpoint, Wild Goose, and Lodi have exemplary operating histories that demonstrate that the company's safety culture is pervasive and effective. The refinancing transaction proposed in this Application will clearly support Rockpoint's commitment to safe gas storage operations by ensuring a consistent and adequate source of funding.

VII. REPORTING REQUIREMENTS

The proposed transactions do not involve the issuance or disbursement of stocks and are therefore not subject to the reporting requirements of General Order 24-C.

VIII. CORPORATE INFORMATION

A. Wild Goose

Wild Goose is a Delaware Limited Liability Company authorized to conduct business in California. Its exact legal name is Wild Goose Storage, LLC. Its principal place of business is 2870 West Gridley Road, Gridley, California 95948. Wild Goose is primarily engaged in the business of the storage of natural gas in northern California as a public utility subject to the jurisdiction of the Commission. Wild Goose's properties, all of which are located within the State of California, primarily consist of an underground gas reservoir, injection and withdrawal wells, pipelines, compression and processing facilities, metering stations, support facilities, and other property necessary in connection with its business.

Communications regarding this Application are to be addressed to the attention of:

Michael B. Day
Goodin, MacBride, Squeri & Day, LLP
505 Sansome Street, Suite 900
San Francisco, CA 94111
Telephone: (415) 392-7900
E-mail: mday@goodinmacbride.com

With copies to:

Jason A. Dubchak
Vice President, Legal & Regulatory
Rockpoint Gas Storage
607 8th Avenue S.W., Suite 400
Calgary, Alberta
Canada T2P 0A7
Telephone: (403) 513-8647
E-mail: jason.dubchak@rockpointgs.com

A copy of Wild Goose's certificate of formation is attached hereto as Exhibit JA-1. A copy of its Certificate of Qualification to conduct business in California is attached hereto as Exhibit JA-2.

B. Lodi

Lodi is a Delaware limited liability company with its principal place of business at 1520 West Kettleman Lane, Suite A1, Lodi, California 95242. Its exact legal name is Lodi Gas Storage, L.L.C. Lodi is an independent natural gas storage provider in California and has combined operations of approximately 46 billion cubic feet (Bcf) of total capacity and 34.5 Bcf of working capacity. Lodi constructed and currently operates the Lodi Gas Storage Facility in San Joaquin and Sacramento counties, three miles northeast of the City of Lodi. Lodi's facilities consist of two underground gas reservoirs, injection and withdrawal wells, pipelines, compression and processing facilities, metering stations, support facilities, and other property necessary in connection with its business.

Communications with regard to this Application are to be addressed to the attention of Michael B. Day and Jason A. Dubchak, at the same addresses listed above.

A copy of Lodi's Certificate of Formation is attached hereto as Exhibit JA-3. Lodi is qualified to do business in the State of California. A copy of its Certificate of Registration issued by the Secretary of State is attached hereto as Exhibit JA-4.

IX. FINANCIAL INFORMATION

The Consolidated Financial Statement of Rockpoint for the fiscal year ending March 31, 2017 is attached as ExhibitJA-5, but has been filed under seal pursuant to the Motion for Leave to File Under Seal and Maintain Confidentiality of Certain Information. This Statement includes the financial information for both Wild Goose and Lodi, and is the most recent year-end financial statement available for the Rockpoint storage companies.

X. STATUTORY AUTHORITY

This Application is made pursuant to Sections 816, 817, 818, 819, 829, 830, 851, and 853 of the California Public Utilities Code.

XI. RULE 2.1(C) REQUIREMENTS

Pursuant to Rule 2.1(c), the Applicant recommends the following:

A. Categorization

The Joint Applicants propose that this proceeding be categorized as rate setting. Although this Application will not impact the rates charged to customers of either of the Joint Applicants, the definitions of "adjudicatory" or "quasi-legislative" as set forth in Rules 1.3(a) and 1.3(d), respectively, clearly do not apply to this Application. Rule 7.1(e)(2) specifies that when a proceeding does not clearly fit into any of the categories, it should be conducted under the rules for rate setting proceedings. In addition, Rule 1.3(e) defines rate setting proceedings to include "other proceedings" that do not fit clearly into any other category.

B. Need for Hearings

A hearing is only required in an Application to the extent that any material issues of fact are contested with respect to the Application.[68] The Joint Applicants do not believe that contested material issues of fact will arise in this proceeding. Furthermore, applications for financing authority have historically been treated on an ex-parte basis.[69] The Joint Applicants believe, therefore, that neither a hearing nor a prehearing conference will be necessary.

C. Issues to be Considered

1. Should Wild Goose and Lodi each be granted an exemption from Section 830 to permit them to provide a guarantee to secure the debt and Senior Notes of their senior affiliates in a refinancing transaction that will provide funding for their respective utility operations?

2. Should Wild Goose and Lodi each be granted an exemption from Section 851 to permit them to provide a security interest in their physical and financial property as collateral for a refinancing transaction on behalf of their senior affiliates that will provide funding for their respective utility operations?

D. Proposed Schedule

Applicants propose the following schedule:

Application filed	February 16, 2018
Public Notice	February 20, 2018

[68] Rule 12.3 ("If there are no material contested issues of fact, or if the contested issue is one of law, the Commission may decline to set hearing.").

[69] *See*, *e.g.*, *Application of Central Valley Gas Storage*, D.10-10-001, p. 47 (stating that evidentiary hearings were not necessary); *Application of Gill Ranch Storage*, D.09-10-035, p. 68 (concluding evidentiary hearings were not necessary); *Application of Lodi Gas Storage*, D.04-03-020, p. 5 (determining that hearings were not necessary); *Application of Lodi Gas Storage*, D.00-12-026, p. 9 (stating that evidentiary hearings were not necessary).

Period for submission of protests expires	March 22, 2018
Reply to comments/protests, if any	April 2, 2018
Prehearing Conference	April 16, 2018
Scoping Memo Issued	May 14, 2018
Proposed Decision (PD) issued	July 20, 2018
Comments on PD (if needed)[70]	August 9, 2018
Reply Comments on PD (if needed)	August 14, 2018
Final Commission Decision	August 23, 2018

XII. CEQA COMPLIANCE

The refinancing transactions described in this Application do not have the potential to result in either direct physical change to the environment or a reasonably foreseeable indirect physical change in the environment under the California Environmental Quality act (CEQA) Guideline 15378.[71] Accordingly, the refinancing transactions which are the subject of this Application are not "projects" within the meaning of CEQA and are therefore exempt from CEQA review.[72]

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[70] Pursuant to Rule 14.6(c)(2), the Commission may waive the period for public review and comment on a Proposed Decision in an uncontested matter where the decision grants the relief requested.

[71] The refinancing transactions will merely provide funding for the Wild Goose and Lodi storage facilities to continue to operate in the same manner as they are currently being operated. Thus there will be no reasonably foreseeable direct or indirect physical change to the environment related to their storage operations from the refinancing.

[72] *See, e.g.*, *Sierra Pacific Power Company*, D.10-10-017 (holding a transfer of control would not cause a change in the environment and was therefore exempt from CEQA); *Application of Lodi Gas Storage*, D.08-01-018 (holding that a transfer of control with no attendant changes in operations would not impact the environment and was exempt from CEQA); *Acquisition of PacifiCorp by Mid-American Energy Holdings Co.*, D.06-02-033 (holding that a change in ownership with no proposed construction or operational changes would not affect the environment and was exempt from CEQA).

XIII. COMPLIANCE WITH PROCEDURAL REQUIREMENTS

A. Commission Rules of Practice and Procedure

The chart below provides a list of applicable Commission Rules of Practice and Procedure with references to sections of this Application where the Joint Applicants have provided information to comply with the Rules for the content of Applications filed before the Commission.

CPUC Rule	Application Reference
Rule 2.1(a)	Section VIII. A–B
Rule 2.1(b)	Section VIII. A–B
Rule 2.1(c)	Sections VI. and XI.
Rule 2.2	Section VIII.
Rule 2.3	Section IX.
Rule 2.4	Section XII.
Rule 3.5 (a)	Section VIII.[73]
Rule 3.5(b)	Section V.
Rule 3.5(d)	Section V.
Rule 3.5(e)	2016 Form 20-F filed by Brookfield with SEC (Exhibit JA-16)
Rule 3.5(g)	Amended ABL Credit Agreement (Exhibit JA-6) Amended Credit Agreement (Exhibit JA-7)

[73] Rule 3.5(a) requires a detailed description of the costs of property and equipment, and the cost to the applicant of depreciation and amortization reserves applicable to that property and equipment. As described in Section IV.B, Wild Goose and Lodi are not required to provide cost information as that information would place them at a competitive disadvantage in the gas storage market. (*See* D.00-05-048; D.98-06-083.)

	Indenture for Senior Notes (Exhibit JA-8)

B. Service

The Joint Applicants have mailed a copy of this Application to all utilities, corporations, persons or other entities, whether publicly or privately operated, conducting natural gas storage business within the State of California, and all natural gas distribution utilities within the State of California. In addition, the Joint Applicants have mailed a copy of this application to all parties to the most recent application of Wild Goose Storage LLC and Lodi Gas Storage, LLC for authorization to encumber utility assets and for the issuance of a corporate guarantee by the utilities, Application 17-01-024.

XIV. CONCLUSION

WHEREFORE, the Joint Applicants respectfully request that the Commission expeditiously issue an Order to become effective upon the date of issuance as follows:

1. Granting Wild Goose an extension of its current exemption under Section 853(b) of the Public Utilities Code to permit it to pledge its assets, including, but not limited to, the physical and financial assets of the utility, the accounts receivable owed by its customers, and the natural gas to which Wild Goose holds title held in its gas storage facility, as security for the debt of its senior affiliates for the extended term of the amended ABL and for an exemption to permit it to pledge the same assets to secure repayment of the Notes, as described herein;

2. Granting Wild Goose an extension of its current exemption under Section 829(c) of the Public Utilities Code to permit Wild Goose to offer its corporate guarantee to secure the obligations of its senior affiliates in the amended ABL, the amended ICA, and for an

exemption to permit it to offer its corporate guarantee to secure repayment of the Notes, as described herein;

3. Granting Lodi an extension of its current exemption under Section 853(b) of the Public Utilities Code to permit it to pledge its assets, including, but not limited to, the physical and financial assets of the utility, the accounts receivable owed by its customers, and the natural gas to which Lodi holds title held in its gas storage facility, as security for the debt of its senior affiliates for the extended term of the amended ABL and for an exemption to permit it to pledge the same assets to secure repayment of the Notes, as described herein;

4. Granting Lodi an extension of its current exemption under Section 829(c) of the Public Utilities Code to permit Lodi to offer its corporate guarantee to secure the obligations of its senior affiliates in the amended ABL, the amended ICA, and for an exemption to permit it to offer its corporate guarantee to secure repayment of the Notes, as described herein;

5. In the alternative, in lieu of the requested exemptions, granting Wild Goose authorization under Sections 830 and 851 of the Public Utilities Code to offer its corporate guarantee to secure the obligations of its senior affiliates in the amended ABL, the amended ICA, and the issuance of the Notes, as described herein, and to pledge its assets, including, but not limited to, the physical and financial assets of the utility, the accounts receivable owed by its customers, and the natural gas to which Wild Goose holds title held in its gas storage facility, as security for the amended ABL and the Notes;

6. In the alternative, in lieu of the requested exemptions, granting Lodi authorization under Sections 830 and 851 of the Public Utilities Code to offer its corporate guarantee to secure the obligations of its senior affiliates in the amended ABL, the amended

ICA, and the issuance of the Notes, as described herein, and to pledge its assets, including, but not limited to, the physical and financial assets of the utility, the accounts receivable owed by its customers, and the natural gas to which Lodi holds title held in its gas storage facility, as security for the amended ABL and the Notes.

As explained above, it is extremely important that the Commission issue its Decision approving the 2018 Refinancing before the authority provided by D.17-10-014 expires on December 17, 2018. The Joint Applicants respectfully request that the Commission grant their Application on an expedited basis.

Respectfully submitted this 16th day of February, 2018, at San Francisco, California.

GOODIN, MACBRIDE,
SQUERI & DAY, LLP
Michael B. Day
Jeanne B. Armstrong
Megan Somogyi
505 Sansome Street, Suite 900
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Telephone: (415) 392-7900
Email: mday@goodinmacbride.com

By */s/ Michael B. Day*
Michael B. Day

Attorneys for Wild Goose Storage, LLC
and Lodi Gas Storage, L.L.C.

VERIFICATION

WILD GOOSE STORAGE, LLC

I, Jason A. Dubchak, am an officer of WILD GOOSE STORAGE, LLC, a Delaware Limited Liability Company, and am authorized to make this verification for and on behalf of this corporation, and I make this verification for that reason. I have read the JOINT APPLICATION OF WILD GOOSE STORAGE, LLC (U-911-G) AND LODI GAS STORAGE, L.L.C. (U-912-G) FOR AN ORDER PURSUANT TO SECTIONS 829 AND 853 OF THE PUBLIC UTILITIES CODE TO EXEMPT FROM COMMISSION AUTHORIZATION THE ENCUMBRANCE OF THE ASSETS OF WILD GOOSE STORAGE, LLC AND LODI GAS STORAGE, L.L.C. AND THE ISSUANCE OF A CORPORATE GUARANTEE TO SECURE THE FINANCING OF CERTAIN AFFILIATES OF THE UTILITIES OR IN THE ALTERNATIVE FOR AUTHORIZATION FOR THE SAME RELIEF UNDER SECTIONS 830 AND 851 and I am informed and believe the matters therein are true and on that ground I allege that the matters stated therein are true.

I declare under penalty of perjury under the laws of the state of California that the foregoing in true and correct.

Executed at Calgary, Alberta, on February 16, 2018

Jason A. Dubchak
Vice President and General Counsel
Wild Goose Storage, LLC

3278/019/X197231.v1

EXHIBIT JA-1

WILD GOOSE CERTIFICATE OF FORMATION

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF CERTIFICATE OF FORMATION OF "WILD GOOSE STORAGE, LLC" FILED IN THIS OFFICE ON THE NINTH DAY OF NOVEMBER, A.D. 2006, AT 4:20 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

2594859 8100V

061030704

AUTHENTICATION: 5185836

DATE: 11-09-06

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:49 PM 11/09/2006
FILED 04:20 PM 11/09/2006
SRV 061030704 - 2594859 FILE

CERTIFICATE OF FORMATION
OF
WILD GOOSE STORAGE, LLC

This Certificate of Formation of Wild Goose Storage, LLC, dated as of November 10, 2006, is being duly executed and filed by Mary A. Viviano, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del. Code §18-101, et seq.).

1. **NAME**

The name of the limited liability company is **Wild Goose Storage, LLC** (the "LLC").

2. **REGISTERED OFFICE AND AGENT**

The address of the LLC's registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation of Wild Goose Storage, LLC by Mary A. Viviano as an authorized person, this 9th day of November 2006.

By: _____
Mary A. Viviano
Authorized Person

H:\[illegible]

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CORRECTION OF "WILD GOOSE STORAGE, LLC", FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF NOVEMBER, A.D. 2006, AT 4:16 O'CLOCK P.M.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

2594859 8100

061048616

AUTHENTICATION: 5201660

DATE: 11-16-06

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:24 PM 11/15/2006
FILED 04:16 PM 11/15/2006
SRV 061048616 - 2594859 FILE

STATE OF DELAWARE
CERTIFICATE OF CORRECTION OF
CERTIFICATE OF FORMATION OF
WILD GOOSE STORAGE, LLC

Wild Goose Storage, LLC, a limited liability company formed and existing under and by virtue of the Delaware Limited Liability Company Act (the "Company"),

DOES HEREBY CERTIFY THAT:

1. A Certificate of Formation of Wild Goose Storage, LLC was filed with the Secretary of State on November 9, 2006.
2. The said Certificate of Formation requires correction as permitted by Section 18-211(a) of the Delaware Limited Liability Company Act.
3. The inaccuracy or defect to be corrected in said Certificate of Formation is that the date appearing in paragraph one of the said certificate should be November 9, 2006.
4. Paragraph one of the Certificate of Formation in its corrected form should read as follows:

> This Certificate of Formation of Wild Goose Storage, LLC, dated as of November 9, 2006, is being duly executed and filed by Mary A. Viviano, as an authorized person, to form a limited liability company under the Delaware Limited Liability Company Act (6 Del. Code §18-101, et seq.).

IN WITNESS WHEREOF, the Company has caused this Certificate of Correction of Certificate of Formation of Wild Goose Storage, LLC to be executed by a duly authorized person this 15th day of November, 2006.

By: Rachel L. Desroches

Rachel L. Desroches
Authorized Person

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE DO HEREBY CERTIFY THAT THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF CONVERSION OF A DELAWARE CORPORATION UNDER THE NAME OF "WILD GOOSE STORAGE INC." TO A DELAWARE LIMITED LIABILITY COMPANY, CHANGING ITS NAME FROM "WILD GOOSE STORAGE INC." TO "WILD GOOSE STORAGE, LLC", FILED IN THIS OFFICE ON THE NINTH DAY OF NOVEMBER, A.D. 2006, AT 4:20 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

2594859 8100V

061030704

AUTHENTICATION: 5185836

DATE: 11-09-06

State of Delaware
Secretary of State
Division of Corporations
Delivered 04:49 PM 11/09/2006
FILED 04:20 PM 11/09/2006
SRV 061030704 - 2594859 FILE

STATE OF DELAWARE
CERTIFICATE OF CONVERSION
FROM A CORPORATION TO A
LIMITED LIABILITY COMPANY

Wild Goose Storage Inc., a corporation incorporated under the Delaware General Corporation Law (the "Corporation"), for the purpose of converting its status into a limited liability company pursuant to Section 266 of the General Corporation Law and Section 18-214 of the Limited Liability Company Act of the State of Delaware, hereby certifies as follows:

1. The name of the Corporation immediately prior to this filing is Wild Goose Storage Inc

2. The Certificate of Incorporation of Wild Goose Storage Inc. was filed on March 4, 1996.

3. The original name of the Corporation as set forth in the Certificate of Incorporation is Wild Goose Storage Inc.

4. The name of the Delaware limited liability company created by the conversion is **Wild Goose Storage, LLC.** This is the name set forth on the Certificate of Formation which officially marks the formation of such limited liability company.

5 This conversion has been adopted in accordance with Section 266 of the Delaware General Corporation Law by the board of directors and presented to the sole stockholder of the Corporation, and subsequently approved for adoption by the sole holder of all outstanding shares of stock of the Corporation.

IN WITNESS WHEREOF, the undersigned, an authorized person, has executed this Certificate of Conversion as of the 9th day of November 2006.

By: Mary A. Viviano
Mary A. Viviano
Authorized Person

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "WILD GOOSE STORAGE INC.", FILED IN THIS OFFICE ON THE FOURTH DAY OF MARCH, A.D. 1996, AT 1:30 O'CLOCK P.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS FOR RECORDING.

Edward J. Freel, Secretary of State

AUTHENTICATION: 7851744

DATE: 03-04-96

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CERTIFICATE OF INCORPORATION

OF

WILD GOOSE STORAGE INC.

* * * * *

1. The name of the corporation is

Wild Goose Storage Inc.

2. The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

3. The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

4. The total number of shares of stock which the corporation shall have authority to issue is One Hundred Thousand (100,000) of which Fifty Thousand (50,000) shares are common stock without par value (the "Common Stock") and Fifty Thousand (50,000) shares are preferred stock with a par value of Ten Dollars ($10.00) per share (the "Preferred Stock"). Such shares shall have no preemptive or preferential rights of

subscription concerning further issuance or authorization of any of the Corporation's shares.

The Common Stock may be issued from time to time in one or more series.

The Preferred Stock may be issued from time to time in one or more series consisting of such number of shares (which number may be increased or decreased, but not below the number of shares thereof then outstanding) and with such distinctive serial designations as shall be stated and expressed in the resolution or resolutions creating such series adopted by the Board of Directors; and such series (a) may have such voting powers, full or limited, or may be without voting powers; (b) may be redeemable for cash, property or rights, including securities of any other corporation, at the option of either the holder or the Corporation or upon the happening of a specified event, at such time or times, such price or prices, or such rate or rates; (c) may be entitled to receive dividends (which may be cumulative or non-cumulative) at such rate or rates, on such conditions, at such times, and payable in preference and priority to the common stock and on a par with, or in such relation to, the dividends payable on any other class or classes or series of stock; (d) may have such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation, including the right to receive such distribution in preference to the common stock, and on a par with, or in such relation to, the distribution to any other class or classes or series of stock; (e)may be made convertible into, or exchangeable for, at the option of either the holder or the corporation or upon the happening of a specified event, shares of any other class or classes or any other series

or the same or any other class or classes of stock of the Corporation, at such price or prices or at such rate or rates of exchange; and (f) may have such other powers, preferences and relative, participating, optional or special rights and qualifications, limitations or restrictions thereof, all as shall hereafter be stated and expressed in the resolution or resolutions providing for the creation of each such series of preferred stock from time to time adopted by the Board of Directors pursuant to authority so to do which is hereby expressly vested in the Board of Directors.

5. The Board of Directors is authorized to make, alter or repeal the Bylaws of the Corporation. Election of Directors need not be by ballot.

6. The name and mailing address of the Incorporator is as follows:

NAME	MAILING ADDRESS
Philip H. Davies	#3800, 421 - 7th Ave. SW Calgary, Alberta T2P 4K9

7. A Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of Delaware, or (iv) for any transaction from which the Director derived any improper personal benefit. If the General Corporation Law of Delaware is hereafter

amended to authorize, with the approval of a corporation's stockholders, further reductions in the liability of the corporation's directors for breach of fiduciary duty, then a Director of the Corporation shall not be liable for any such breach to the fullest extent permitted by the General Corporation Law of Delaware as so amended. Any repeal or modification of the foregoing provisions of this Section 7 by the stockholders of the Corporation shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification.

I, THE UNDERSIGNED, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 07 day of March, 1996.

Philip H. Davies, Incorporator

LIMITED LIABILITY COMPANY AGREEMENT
OF
WILD GOOSE STORAGE, LLC

This Limited Liability Company Agreement ("*Agreement*") of Wild Goose Storage, LLC (the "*Company*"), dated as of November 1__, 2006, is made between (a) the Company and (b) Alenco Inc., the Company's sole member. The undersigned enter into this limited liability company agreement for the Company as follows:

1. General Provisions

1.1 Organization. The Company shall be a limited liability company under the Delaware Limited Liability Company Act (the "*Act*") upon the conversion of Wild Goose Storage Inc. into a limited liability company (the "*Conversion*") becoming effective in accordance with the provisions of sections 266 and 103 of the Delaware General Corporation Law and section 18-214 of the Delaware Limited Liability Company Act.

1.2 Name. Upon the Conversion becoming effective, the Company shall thereafter be called Wild Goose Storage, LLC.

1.3 Term. The Company's existence shall continue in perpetuity. The death, interdiction, withdrawal, expulsion, bankruptcy, or dissolution of a Member or the occurrence of any other event that terminates the continued membership of a Member shall not cause the Company to be dissolved.

2. Membership Interest

2.1 Uncertificated Membership Interests. The Member's ownership interest in the Company shall not be represented by shares, units or other certificates.

2.2 Issuance of Additional Membership Interests. Additional membership interests in the Company may be issued from time to time for such consideration, or as a dividend, as the Members may determine. Upon receipt by the Company of payment of the consideration for the issuance of membership interests, such membership interests shall be fully paid and nonassessable.

2.3 Redemption of Membership Interests. The membership interests of the Company may be reduced by purchase or redemption by the Company as authorized by the Board of Directors of the Company. The consideration for such reduction or redemption shall be determined by the Board of Directors and may include without limitation money or other property.

2.4 Dividends. All profits and losses of the Company shall be allocated among the Members in proportion to their respective Sharing Ratios (at the time the amounts of such distributions are determined), and all distributions to Members (hereafter "*dividends*") may be declared by the Board of Directors at any time and paid on membership interests in kind or out of any funds legally available for such purpose. No dividend shall be declared and paid unless, after the dividend is made, the Company is able to pay its debts as they become due in the usual course of business and the assets of the Company are in excess of the sum of (i) the Company's

liabilities plus (ii) the amount needed to satisfy the preferential rights of other Members upon dissolution that are superior to the rights of Members receiving the dividend.

2.5 Liquidation or Dissolution. In the event of the liquidation, dissolution, or winding up of the affairs of the Company, the assets, after payment of all liabilities of the Company, shall be distributed among the members in proportion to their respective Sharing Ratios (at the time the amounts of such distributions are determined).

2.6 Reversion. Cash, property or membership interest dividends, membership interests issuable to Members in connection with the reclassification of membership interests, and the redemption price of redeemed membership interests, that are not claimed by the Members entitled thereto within one year after the dividend or redemption price became payable or the membership interests became issuable, despite reasonable efforts by the Company to pay the dividend or redemption price or issue membership interests to such Members within such time, shall, at the expiration of such time, revert in full ownership to the Company, and the Company's obligation to pay such dividend or redemption price or issue such membership interests, as the case may be, shall thereupon cease.

3. Members

3.1 Rights of Members. The Members of the Company shall have no greater rights and powers than those granted to shareholders of a Delaware business corporation organized under the provisions of the Delaware General Corporation Law.

3.2 Capital. No Member shall have the right to withdraw or resign from the Company or to withdraw the capital attributable to the Member's membership interests or to demand and receive property of the Company or any distribution in return for such capital or the right or obligation to contribute additional capital without the unanimous written consent of the Members. Upon withdrawal or resignation, such former Member shall not be entitled to any distribution on account of withdrawal or resignation.

3.3 Admission of Additional Members. Additional persons may be admitted to the Company as Members, on such terms and conditions as the Members, without any approval of the Board of Directors, determine at the time of admission. The terms of admission or issuance must specify the Sharing Ratios applicable thereto and may provide for the creation of different classes or groups of Members having different rights, powers, and duties. The Members may reflect the creation of any new class or group in an amendment to this Agreement indicating the different rights, powers, and duties, and such an amendment shall be approved and executed by the Members. Any such admission is effective only after such new Member has executed and delivered to the Members and the Company an instrument containing the notice address of the new Member, the new Member's ratification of this Agreement and agreement to be bound by it.

3.4 No Individual Authority. No Member, acting alone, shall have any authority to act for, or to undertake or assume, any obligation, debt, duty or responsibility on behalf of the Company.

3.5 Members Meetings. All meetings of the Members shall be held at the Company's registered office in Delaware, or at any other place determined by the Board of Directors or any officer of the Company. At each meeting of Members, a list of the Members entitled to vote,

arranged alphabetically and certified by the Secretary, showing the membership interest held by each such Member on the record date for the meeting, shall be produced on the request of any Member.

3.6 One Vote Per Member. Each Member shall be entitled to one vote either in person or by proxy.

3.7 Annual Election of Directors. An annual meeting of Members for the election of directors and the transaction of other business shall be held once per calendar year at such time and place as the Board of Directors or one officer of the Company may designate in the notice of meeting or in a waiver of notice thereof.

3.8 Voting and Proxies. Except as otherwise mandatorily provided herein or under applicable law, any action of the Members may be taken on the affirmative vote of a majority of the Members. On demand of any Member, the vote on any question before a meeting shall be by ballot. Any vote may be given by the Member entitled thereto in person or by such Member's proxy appointed by an instrument in writing subscribed by such Member or by such Member's attorney thereunto authorized and delivered to the Secretary of the Company; provided, however, that no proxy shall be voted on after three years from the date of its execution unless said proxy provides for a longer period. A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A Member may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Company.

3.9 Quorum. Except as otherwise provided by law, the presence, in person or by proxy, of a majority of the Members constitutes a quorum at all meetings of the Members.

3.10 Special Meetings. Special meetings of the Members for any purpose or purposes whatsoever, may be called at any time by the Board of Directors, any one officer or by any one or more Members constituting not less than one-fifth (1/5) of the members of the Company. Except in special cases where other express provision is made by statute, notice of such special meetings shall be given in the same manner as for annual meetings of Members. Notices of any special meeting (except publications of notices) shall specify (in addition to the place, day and hour of the meeting) the general nature of the business to be transacted.

3.11 Notice of Members' Meetings. Written or printed notice, stating the place and time of any meeting, and, if a special meeting, the general nature of the business to be considered, shall be given to each Member entitled to vote at the meeting, at his last known address, at least fifteen (15) days before the meeting in the case of an annual meeting and ten (10) days before the meeting in the case of a special meeting. Any irregularity in the notice of an annual meeting held at the Company's principal business office at the time prescribed in Section 3.7, shall not affect the validity of the meeting or any action taken at the meeting. Any Member present at a meeting shall be deemed to have received or waived notice of such meeting unless the Member appears at the meeting for the sole purpose of objecting to the conduct of any business at the meeting on the ground that it is not lawfully convened. Notice of a meeting may be waived in writing at any time without specifying in such waiver the purpose of or the business transacted at such meeting.

3.12 Record Date. The Board may fix a record date for determining Members of record for any purpose. The record date shall not be before the date of the resolution fixing the record date, and shall not be more than sixty (60) days or less than ten (10) days before the date of the meeting or other action for which the date is fixed. If no record date is fixed, the record date in the case of a meeting will be the close of business on the day next preceding the day on which the meeting is held, and in all other cases it will be the close of business on the day before the resolution of the Board of Directors adopts the resolution relating thereto.

3.13 Inspection of Company Records. The membership ledger, the books of account and the minutes of proceedings of Members and the Board of Directors or committees of directors shall be open to inspection by any Member upon written demand, to the extent allowed by applicable Delaware law, at any reasonable time upon reasonable advance notice for purposes reasonably related to the interests of the Members. Such inspection may be made in person or by an agent or attorney and shall include the right to make photocopies. Demand of inspection other than at a Member's meeting shall be made in writing upon the President or Secretary.

3.14 Written Consent. Consents in writing to Company action shall be effective if signed by Members having at least that proportion of the total voting power that would be required to authorize or constitute such action at a meeting of Members.

4. Board of Directors

4.1 Management. All management powers over the business and affairs of the Company shall be exclusively vested in a Board of Directors whose members are called "directors" and who shall constitute the "managers" of the Company within the meaning of the Act. Directors may, but need not, be Members.

4.2 Powers of Directors. Without prejudice to the general powers conferred under Section 4.1, the Board of Directors has the following specific powers:

(a) To appoint and remove officers;

(b) From time to time, to devolve the powers and duties of any officer upon any other person, as agent for the Company, for the time being;

(c) To determine who shall be entitled to vote, or to assign and transfer any shares, bonds, debentures or other securities of other companies held by this Company; and

(d) Subject to Section 4.4, to delegate any of the powers of the Board to any standing or special committee or to any officer or agent (with power to subdelegate) upon such terms as the Board shall determine.

4.3 Number of Directors and Qualifications. The number of directors of this Company shall be not less than one nor more than nine. The directors, other than the members of the initial Board listed in Exhibit A, shall be elected by the Members of the Company at the annual meeting of Members, each director's term of office to last until the next annual meeting of Members and thereafter until his successor is named and has qualified. At any time subsequent to the annual meeting of the Members, the Members may, by majority vote, decrease or increase the number of directors authorized in this paragraph. No decrease in the number of directors

shall have the effect of shortening the term of any incumbent director. Any vacancy created by an increase in the number of directors shall be filled by vote of the Members or of the Board of Directors, and any additional director so elected shall serve until the next annual meeting of the Members and until his successor is elected and qualified, or until his earlier death, resignation or removal.

4.4 Limitation on Power of the Board. Notwithstanding any provision to the contrary of this Agreement, the Board of Directors shall not have the right or power to do any of the following acts without the affirmative approval of all of the Members:

(a) The amendment of the Certificate of Formation or this Agreement;

(b) The dissolution and winding up of the Company;

(c) The admission of new Members;

(d) The sale, exchange, lease, mortgage, pledge, or transfer of all or substantially all of the assets of the Company; or

(e) The merger or consolidation of the Company.

4.5 Board Voting. All actions of the Board of Directors shall be by majority vote of those directors present at a meeting.

4.6 Written consents. Written consents to action of the Board of Directors in lieu of a meeting of the Board will be effective if signed by all members of the Board of Directors.

4.7 Initial Board of Directors. The initial members of the Board of Directors of the Company are named on the attached Exhibit A. The members of the Board of Directors are the managers of the Company and shall exercise the powers conferred on them under this Agreement collectively in the manner provided herein. They shall continue in office until their successors are elected and have qualified, or until their earlier death, resignation or removal.

4.8 Meetings By Conference Telephone. The members of the Board of Directors may participate in and hold any meeting whether regular or special, by means of conference telephone or other similar communications equipment, provided that all persons participating in the meeting can hear and communicate with each other. Participation in such a meeting shall constitute presence at such meeting.

4.9 Organizational Meeting. Immediately following each annual meeting of Members, the Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of business. Notice of this meeting shall not be required.

4.10 Regular Directors' Meeting. The regular meeting of the Board of Directors shall be at the time determined by the Board of Directors, and shall be held at the Company's registered office in Delaware, or at any other place designated by the Board of Directors. When any regular meeting of the Board falls upon a holiday, the meeting shall be held on the next business day unless the Board designates some other day.

4.11 Special Meetings of the Board. Special meetings of the Board of Directors may be called at any time by any one director or officer of the Company. Special meetings may be held at such place or places within or outside Delaware as may be designated in the call of the meeting.

4.12 Notice of Special Board Meetings. Notice of the time and place of every special meeting of the Board of Directors shall be given to each director by any one director or officer by means of mail, personal delivery, telegraph, telephone, facsimile, email, or other communication equipment, to be received no later than two (2) days before the date of the meeting; provided, however, that any director present at a meeting shall be deemed to have received or waived notice of such meeting unless the director appears at the meeting for the sole purpose of objecting to the conduct of any business at the meeting on the ground that it is not lawfully convened. Notice of a meeting may be waived in writing at any time without specifying in such waiver the purpose of or the business transacted at such meeting.

4.13 Quorum. At all meetings of the Board, a majority of the directors in office and qualified to act constitute a quorum for the transaction of business (whether or not voting on any particular matter), and the action of a majority of the directors present at any meeting at which a quorum is present is the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by law, the Certificate of Formation or this Agreement. If a quorum is not present at any meeting of the Board of Directors, the directors present at the meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

4.14 Remuneration of Directors. By resolution of the Members, expenses of attendance, if any, and a fixed fee, may be allowed to directors for attendance at each regular or special meeting of the Board or of any committee thereof.

4.15 Removal. The Members, by vote of a majority of the total voting power of all of the membership interests at any special meeting called for such purpose or by written consent to action, may at any time remove from office, with or without cause, any one or more directors.

4.16 Vacancies. Unless and until filled by the Members, any vacancy in the Board of Directors, however occurring, including a vacancy resulting from an enlargement of the Board of Directors, may be filled by vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office, or a director chosen to fill a position resulting from an increase in the number of directors shall hold office until the next annual meeting of Members and until his successor is elected and qualified, or until his earlier death, resignation or removal.

4.17 Board Procedure. The directors shall choose one of their own to chair Board meetings. The chairman of the meeting shall call for all votes and shall be the judge of all points of order. His decision on points of order shall be final, unless two members of the Board appeal his decision to the full Board, and in that event a majority of the directors present shall decide the question, provided a quorum is present. All resolutions entered in the minutes without special statement of the yeas and nays shall be considered passed by the unanimous vote of the directors present at the meeting. Any director who votes against a motion shall have the right to request the Secretary to enter his name on the minutes as voting against the motion. A majority of the

Board constitutes a quorum, and the Board may take action either by vote of a majority of the members present at any meeting at which there is a quorum, unless the concurrence of a greater proportion is required for such action by law, the Certificate of Formation or this Agreement, or by written concurrence of all of the members of the Board.

5. Committees

5.1 Committees of Directors. The Board of Directors may, by resolution, designate one or more committees, each committee to consist of one or more of the directors of the Company. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified director at any meeting of the committee. Vacancies in the committee may be filled by the Board of Directors or by the President. In the absence or disqualification of a member of a committee, the member or members thereof, present at any meeting and not disqualified from voting, whether or not the same constitutes a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in place of any such absent or disqualified member. To the extent provided in the resolution and subject to the Act, any such committee shall have and may exercise all of the powers and authority of the Board of Directors in the management of the business and affairs of the Company. Unless the resolution so provides, no such committee shall have the power or authority to declare a dividend, elect officers and directors, change the committee's membership, or do any of the acts described in Section 4.4. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. In the absence of specific direction by the Board to the contrary, a majority of a committee's members shall constitute a quorum and the affirmative vote of a majority of a committee's members shall be necessary for the adoption of the resolution.

5.2 Minutes of Meetings of Committees. Any committees designated by the Board shall keep regular minutes of their proceedings, and shall report the same to the Board when required, but no approval by the Board of any action properly taken by a committee shall be required.

5.3 Committee Procedure. If the Board fails to designate the chairman of a committee, the President, if a member, shall be chairman. Each committee shall meet at such times as it shall determine, and at any time on call of the chairman. In case of absence or disqualification of a member of a committee at any meeting thereof, the qualified members present, whether or not they constitute a quorum, may unanimously appoint a director to act in place of the absent or disqualified member. The Board has power to change the members of any committee at any time, to fill vacancies, and to discharge any committee at any time.

6. Officers

6.1 Designated Offices. The officers of the Company shall be a President and a Secretary, and there may be one or more Vice-Presidents, a Treasurer and such other officers as may, from time to time, be elected or appointed by the Board. Any two officers may be combined in the same person, and none need be a director. The initial officers of the Company are named in the attached Exhibit A.

6.2 President. The President is the chief executive officer, with general management of the Company's business and power to make contracts in the ordinary course of business; he

shall be subject to the direction of the Board of Directors and shall see that all orders and resolutions of the Board are carried into effect and direct the other officers in the performance of their duties; and shall generally perform all acts incidental to the office of President of a business corporation, or which are authorized or required by law, or which are incumbent upon him under the provisions of the Certificate of Formation and this Agreement.

6.3 Vice-President. Each Vice-President shall have such powers, and shall perform such duties, as shall be assigned to him by the Board of Directors or by the President, and, in the order determined by the Board, shall, in the absence or disability of the President, perform his duties and exercise his powers.

6.4 Treasurer. Any Treasurer shall have such custody of all funds, securities, evidences of indebtedness, and other valuable documents of the Company as the Board of Directors shall order. He may receive and give, or cause to be given, receipts and acquittnces for moneys paid in an account of the Company, and may pay out of the funds on hand all just debts of the Company of whatever nature, when due. He shall enter, or cause to be entered, in books of the Company to be kept for that purpose, accounts of all moneys received and paid out on account of the Company, and, whenever required by the President or the Board of Directors, he shall render a statement of his accounts. He shall keep or cause to be kept such books as will show a record of the expenses, gains, losses, assets and liabilities of the Company; and he shall perform all of the other duties incident to the office of the Treasurer of a business corporation. If required by the Board, he shall give the Company a bond for the faithful discharge of his duties and for restoration to the Company, upon termination of his tenure, of all property of the Company under his control.

6.5 Secretary. Unless noted otherwise in this Agreement, the Secretary shall give or cause to be given notice of all meetings of Members, the Board of Directors, and committees, and all other notices required by law or by this Agreement, and in the case of his absence or refusal or neglect to do so, any such notice may be given by the Members, directors or officers at whose request the meeting is called. He shall record all of the proceedings of the meetings of the Members, of the Board of Directors, and of committees in a book to be kept for that purpose. Except as otherwise determined by the Board of Directors, he has charge of the original membership interest record books, transfer books, and membership interest ledgers, and shall act as transfer agent of the membership interests issued by the Company. He has custody of the seal of the Company, and shall affix it to all instruments requiring it; and he shall perform such other duties as may be assigned to him by the Board of Directors or the President.

6.6 Assistants. Any Assistant Secretary or Assistant Treasurer shall have such duties as may be delegated to them by the Secretary and Treasurer respectively.

6.7 Other Officers. The other officers of the Company shall respectively have and exercise such powers and perform such duties as may be prescribed for them from time to time by the Board of Directors or the President.

6.8 Term of Office. All officers and employees elected or appointed by the Board of Directors or under its authority shall hold office at the pleasure of the Board or of an executive officer designated by the Board.

7. Company Capital

7.1 Transfer of Membership Interests. Subject to transfer restrictions herein provided or referred to, membership interests in the Company are transferable only on its books, by the owner thereof in person or by their duly authorized attorneys or legal representatives. A record shall be made of each transfer, and whenever a transfer is made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer. The Board may make regulations concerning the transfer of membership interests.

7.2 Transitional Provision. Prior to the Conversion, the issued capital of Wild Goose Storage Inc. was 5,700 shares of Common Stock, all of which were owned by Alenco Inc. Such shares of stock shall be converted into all of the issued and outstanding membership interest of the Company. Upon the Conversion becoming effective as described in section 1.1 of this Agreement, there shall be issued to Alenco Inc. the sole outstanding membership interest without the need for any action on the part of the Board of Directors or the Members.

8. Company Property

8.1 Title to Property. All immovable and movable property of the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such property in the Member's individual name or right. Each Member's interest in the Company shall be personal property for all purposes. The Company shall hold all of its property in the name of the Company and not in the name of any Member.

8.2 Transfers of Property. All conveyances, mortgages, liens, security interests, encumbrances, and other transfers of any interest of the Company in real estate or immovable property by the Company must first be authorized by resolution of the Board of Directors, and executed on behalf of the Company by an officer in accordance with the resolution of the Board of Directors.

9. Miscellaneous

9.1 Limitation on Liability. No Member, officer or director shall be liable for any debt, obligation or liability of the Company. No Member shall be required to lend any funds to the Company. Except as otherwise expressly provided herein, no Member shall be required to make any additional capital contribution to the Company, other than the capital contribution agreed to be made at the time of issuance of membership interests to such Member.

9.2 Indemnification. The Company hereby agrees to indemnify each Member, director, officer, employee or agent of the Company, and each director, officer, employee or affiliate of each Member, who was or is a party or is threatened to be made a party to a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal (other than an action by or in the right of the Company) by reason of the fact that such person is or was a Member, employee or agent of the Company against expenses (including reasonable attorneys' fees), judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with the action, suit or proceeding.

9.3 Capital Accounts. The Company may maintain one or more capital accounts deemed appropriate by the Board to adequately reflect the Company's capital attributable to the Members' membership interests.

9.4 Company Seal. The Company seal is circular in form, and contains the name of the Company. The seal may be used by causing it, or a facsimile thereof, to be impressed, or affixed or otherwise reproduced. The above provisions shall not be construed, however, to require the company seal for any resolution or company action to be valid.

9.5 Checks, Notes, Drafts. All checks, drafts, other orders for the payment of money, and notes or other evidences of indebtedness, issued in the name of the Company, shall be signed by such officer or officers, agent or agents of the Company, and in such manner as shall, from time to time, be determined by the Board.

9.6 Waiver of Notice. Whenever any notice of the time, place, or purpose of any meeting of Members, the Board of Directors or committee is required by law, the Certificate of Formation, or this Agreement, a waiver thereof, in writing, signed by the person or persons entitled to such notice, and delivered in person or by mail, telegraph, cable, facsimile transmission, email or any other available method and filed with the records of the meeting before or after the holding thereof, or actual attendance at the meeting of Members in person or by proxy, or at the meeting of the Board of Directors or committee in person, is equivalent to the giving of such notice.

9.7 Records. The Certificate of Formation, Certificate of Conversion this Agreement and the proceedings of all meetings of Members, the Board of Directors and any other committee of the Board shall be recorded in appropriate minute books. The minutes of each meeting shall be signed by the Secretary or other officer appointed to act by the secretary of the meeting.

9.8 Execution of Instruments. Any one director or officer may execute documents either with or without the seal of the Company in its name and on its behalf, except where the execution of such instrument is expressly delegated to some other representative or agent of the Company by the Board of Directors.

9.9 Expenditures. No, employee shall make any expenditure or incur any debt without the authority delegated to him by the President or Board of Directors.

9.10 Notices. All notices or other communications required or permitted hereunder shall be in writing and shall be deemed received by the party to whom addressed when delivered to such party by mail, personal delivery, telegraph, telephone, facsimile transmission, email or other communication equipment, or, if mailed, notice is deemed given when deposited in the mail in Canada or in the United States, postage prepaid, directed to the Member at his address as it appears on the records of the Corporation.

9.11 Headings. Headings of Sections in this Agreement are only for convenience of reference and do not define, limit, extend, or describe the scope or intent of this Agreement.

9.12 Number and Gender. Whenever required by the context, the singular number shall include the plural, any gender shall include all genders, and the word "person" shall include individuals, corporations, partnerships, limited liability companies, and other entities.

9.13 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

9.14 Severability. If any one or more provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

9.15 Counterparts. This document may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

9.16 Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement will be binding upon and inure to the benefit of the Members, and their respective distributees, successors and assigns.

9.17 Additional Documents and Acts. Each Member shall execute and deliver such additional documents and instruments and perform such additional acts as may be necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

10. Definitions

The definitions provided in this Section 10 apply for purposes of this Agreement. Other terms are defined elsewhere herein.

(a) "*Certificate of Formation*" means the Certificate of Formation of the Company as filed with the Delaware Secretary of State, as amended from time to time.

(b) "*Certificate of Conversion*" means the Certificate of Conversion of the Company as filed with the Delaware Secretary of State.

(c) "*Member*" means a Person who has been admitted to the Company as a member as provided in section 18-301 of the Limited Liability Company Act.

(d) "*Sharing Ratio*" means, subject in each case to adjustments in accordance with this Agreement or in connection with dispositions of Membership Interests, (a) in the case of a Member executing this Agreement as of the date of this Agreement or a Person acquiring such Member's Membership Interest, the percentage specified for that Member as its Sharing Ratio on Exhibit B, and (b) in the case of membership interests issued pursuant to Section 3.3, the Sharing Ratio established pursuant thereto; provided, however, that the total of all Sharing Ratios shall always equal 100%.

IN WITNESS WHEREOF, the Members and the Company execute this Agreement effective as of the date first stated above.

COMPANY:

Wild Goose Storage, LLC

By: _____

Name: _____

Title: VICE-PRESIDENT & CONTROLLER

MEMBER:

Alenco Inc.

By: _____

Name: _____

Title: SECRETARY

EXHIBIT A

INITIAL DIRECTORS AND OFFICERS

Directors

R. William Oliver
Don R. McClure
Renee E. Zemljak

Name	Officer Position(s) Held
R. William Oliver	Chair
J. Kim Joslin	President
Don R. McClure	Vice-President & Comptroller
Mary A. Viviano	Secretary
Rachel L. Desroches	Assistant Secretary

EXHIBIT B

Member	Sharing Ratio
Alenco Inc.	100%

EXHIBIT JA-2

WILD GOOSE CERTIFICATE OF REGISTRATION

State of California
Secretary of State

CERTIFICATE OF REGISTRATION

I, BRUCE McPHERSON, Secretary of State of the State of California, hereby certify:

That on the **15th day of November, 2006, WILD GOOSE STORAGE, LLC**, complied with the requirements of California law in effect on that date for the purpose of registering to transact intrastate business in the State of California; and further purports to be a limited liability company organized and existing under the laws of **Delaware** as **WILD GOOSE STORAGE, LLC** and that as of said date said limited liability company became and now is duly registered and authorized to transact intrastate business in the State of California, subject, however, to any licensing requirements otherwise imposed by the laws of this State.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of November 15, 2006.

BRUCE McPHERSON
Secretary of State

cc

State of California
Secretary of State

I, BRUCE McPHERSON, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

NOV 15 2006

BRUCE McPHERSON
Secretary of State

State of California

1974223

SECRETARY OF STATE

CORPORATION DIVISION

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

JUL 17 1996

THE GREAT SEAL OF THE STATE OF CALIFORNIA EUREKA

Bill Jones

Secretary of State

SEC/STATE FORM CE-107 (REV. 8/95)

State of California

SECRETARY OF STATE

CERTIFICATE OF STATUS
FOREIGN CORPORATION

I, BILL JONES, Secretary of State of the State of California, hereby certify:

That on the 16th *day of* July, *19*96,

WILD GOOSE STORAGE INC.,

a corporation organized and existing under the laws of Delaware, *complied with the requirements of California law in effect on that date for the purpose of qualifying to transact intrastate business in this State; and*

That the above corporation is entitled to transact intrastate business in the State of California as of the date of this certificate, however, subject to any licensing requirements otherwise imposed by the laws of this State; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this 10th *day of* September, 1996.

Bill Jones
Secretary of State

EXHIBIT JA-3

LODI CERTIFICATE OF REGISTRATION

State of California

SECRETARY OF STATE

CERTIFICATE OF REGISTRATION

I, BILL JONES, Secretary of State of the State of California, hereby certify:

That on the 3RD day of NOVEMBER, 1998, LODI GAS STORAGE, L.L.C., complied with the requirements of California law in effect on that date for the purpose of registering to transact intrastate business in the State of California; and further purports to be a limited liability company organized and existing under the laws of the State of DELAWARE as LODI GAS STORAGE, L.L.C. and that as of said date said limited liability company became and now is duly registered and authorized to transact intrastate business in the State of California, SUBJECT, HOWEVER, TO:

(a) any licensing requirements otherwise imposed by the laws of this State and;

(b) that subject limited liability company shall transact all intrastate business within this State under the above name elected by it.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this 4TH day of NOVEMBER, 1998.

Bill Jones

BILL JONES
Secretary of State

State of California

OFFICE OF THE SECRETARY OF STATE

SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 2 page(s) was prepared by and in this office from the record on file, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

NOV 0 4 1998

Bill Jones

Secretary of State

THE GREAT SEAL OF THE STATE OF CALIFORNIA

EUREKA

CALIFORNIA

Sec/State Form CE-108 (rev. 6/98)

98 10617

EXHIBIT JA-4

LODI CERTIFICATE OF FORMATION

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "LODI GAS STORAGE, L.L.C." IS DULY FORMED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SEVENTEENTH DAY OF JANUARY, A.D. 2008.

AND I DO HEREBY FURTHER CERTIFY THAT THE SAID "LODI GAS STORAGE, L.L.C." WAS FORMED ON THE TWENTY-EIGHTH DAY OF OCTOBER, A.D. 1998.

AND I DO HEREBY FURTHER CERTIFY THAT THE ANNUAL TAXES HAVE BEEN PAID TO DATE.

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

2960682 8300

AUTHENTICATION: 6318045

080054581

DATE: 01-17-08

You may verify this certificate online at corp.delaware.gov/authver.shtml

Delaware

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED ARE TRUE AND CORRECT COPIES OF ALL DOCUMENTS ON FILE OF "LODI GAS STORAGE, L.L.C." AS RECEIVED AND FILED IN THIS OFFICE.

THE FOLLOWING DOCUMENTS HAVE BEEN CERTIFIED:

CERTIFICATE OF FORMATION, FILED THE TWENTY-EIGHTH DAY OF OCTOBER, A.D. 1998, AT 1:31 O'CLOCK P.M.

AND I DO HEREBY FURTHER CERTIFY THAT THE AFORESAID CERTIFICATES ARE THE ONLY CERTIFICATES ON RECORD OF THE AFORESAID LIMITED LIABILITY COMPANY, "LODI GAS STORAGE, L.L.C.".

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

2960682 8100H

080054581

AUTHENTICATION: 6318046

DATE: 01-17-08

You may verify this certificate online at corp.delaware.gov/authver.shtml

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 01:31 PM 10/28/1998
981416999 - 2960682

CERTIFICATE OF FORMATION

OF

LODI GAS STORAGE, L.L.C.

A DELAWARE LIMITED LIABILITY COMPANY

The undersigned, a natural person of the age of eighteen years or more, acting as organizer of a limited liability company under the Delaware Limited Liability Company Act (the "Act"), hereby adopts the following Certificate of Formation for such company.

ARTICLE I

The name of the company is Lodi Gas Storage, L.L.C. (the "Company").

ARTICLE II

The Company is to have perpetual duration.

ARTICLE III

The purpose for which the Company is organized is the transaction of any and all lawful business for which companies may be formed under the Act, as amended from time to time, and further to do such things as may be incident to, and necessary or appropriate to effect, any and all of such purposes.

ARTICLE IV

In furtherance and not in limitation of the powers conferred by statute, the members are expressly authorized to make, alter or repeal the regulations of the Company.

ARTICLE V

The Company reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Formation, in the manner now or hereafter prescribed by statute, and all rights conferred upon members herein are granted subject to this reservation.

ARTICLE VI

Any action required by law or by the Certificate of Formation or regulations of the Company to be taken at any annual or special meeting of members, or any action which may be taken at any annual or special meeting of members, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been

signed by the holder or holders of ownership interests in the Company having not less than the minimum number of ownership interests that would be necessary to take such action at a meeting at which all holders entitled to vote on the action were present and voted.

ARTICLE VII

The Company shall be managed by members. The name and address of the initial member is ***Western Hub Properties, L.L.C.***, 16151 Cairnway, Suite 211, Houston, Texas 77084.

ARTICLE VIII

The registered office of the Company in the State of Delaware is located at 1209 Orange Street, Wilmington, Delaware 19801, New Castle County. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE IX

The name and address of the organizer is Tracy D. Vice, Porter & Hedges, L.L.P., 700 Louisiana, Suite 3500, Houston, Texas 77002-2764.

IN WITNESS WHEREOF, I have hereunto set my hand this 28th day of October, 1998.

Tracy D. Vice

Tracy D. Vice
Authorized Person

EXHIBIT JA-5

[PUBLIC VERSION]

ROCKPOINT FINANCIAL STATEMENTS

THIS EXHIBIT IS CONFIDENTIAL
AND HAS BEEN SUBMITTED UNDER SEAL

EXHIBIT JA-6

[PUBLIC VERSION]

ABL CREDIT AGREEMENT

EXECUTION VERSION

AMENDMENT NO. 2 TO ABL CREDIT AGREEMENT

dated as of February 14, 2018

among

ROCKPOINT GAS STORAGE PARTNERS LP,
as US Borrower,

AECO GAS STORAGE PARTNERSHIP,
as Canadian Borrower,

ROYAL BANK OF CANADA,
as Administrative Agent,

THE OTHER LOAN PARTIES PARTY HERETO,

THE LENDERS PARTY HERETO

and

THE AFFILIATES OF THE BORROWERS FROM TIME TO TIME PARTY HERETO

AMENDMENT NO. 2 TO ABL CREDIT AGREEMENT, dated as of February 14, 2018 (this "Amendment"), among ROCKPOINT GAS STORAGE PARTNERS LP, a Delaware limited partnership (the "US Borrower"), AECO GAS STORAGE PARTNERSHIP, an Alberta general partnership (the "Canadian Borrower" and, together with the US Borrower, the "Borrowers"), the other Loan Parties party hereto, the Parent Affiliates, the Lenders party hereto, and ROYAL BANK OF CANADA ("Royal Bank"), as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not defined in this Amendment shall have the meanings assigned to such terms in the Credit Agreement (as defined below) referred to below.

WHEREAS, the Borrowers, the Parent Affiliates, the Administrative Agent and the Lenders party thereto entered into that certain ABL Credit Agreement dated as of December 22, 2016 (as amended by Amendment No. 1, dated as of March 30, 2017 ("Amendment No. 1") and as further amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Existing Credit Agreement" and, as amended by this Amendment or as further amended, restated, amended and restated, supplemented or otherwise modified from time to time after the date hereof, the "Credit Agreement");

WHEREAS, the Borrowers, the Parent Affiliates, the other Loan Parties party hereto, the Administrative Agent and the Lenders party hereto have agreed to amend the Existing Credit Agreement, but only on the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Amendments to the Credit Agreement. Effective as of the Amendment No. 2 Effective Date (as defined below):

(A) The Existing Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~**stricken text**~~) and to add the double-underlined text (indicated textually in the same manner as the following example: **double-underlined text**) as set forth in the pages of the Credit Agreement attached as Annex I hereto.

(B) Each of Annex A-1, Annex A-2, Schedule 1.01A-1, Schedule 1.01A-2, Schedule 1.01A-3, Schedule 5.06, Schedule 5.08, Schedule 5.11, Schedule 5.13, Schedule 6.15, Schedule 6.17, Schedule 7.01, Schedule 7.02, Schedule 7.03, Schedule 7.10 and Schedule 10.02 of the Existing Credit Agreement is replaced in its entirety with the corresponding schedule set forth in Annex II hereto.

(C) From and after the consummation of any Tres Palacios Disposition or the designation of any Tres Palacios Party as an Unrestricted Subsidiary, the Credit Agreement and the other Loan Documents shall be deemed amended to remove all references to any Tres Palacios Party subject to such Disposition or such designation, including (without limitation), as a Restricted Affiliate, a US Loan Party and a Loan Party.

(D) The Administrative Agent releases its lien on the pledge of the equity interests issued by Tres Palacios Holdings LLC and BIF II Tres Palacios Storage (Delaware) LLC and such equity interests shall constitute Excluded Collateral under the Security Documents.

Section 2. Amendments to the Guaranty and Security Documents. Effective as of the Amendment No. 2 Effective Date: Each of the US Guaranty and the Parent Guaranty is hereby amended by adding the below as a new section at the end of each such Guaranty, and each of (i) Section 5.17 of the US Security Agreement,

(ii) Section 34 of the Canadian Security Agreement, (iii) Section 5.16 of the US Pledge Agreement, (iv) Section 5.16 of the Parent Pledge Agreement, (v) Section 25 of the Notes Pledge Agreement and (vi) Section 25 of the Last-Out Loans Pledge Agreement is hereby amended and restated in their entirety and replaced with the below:

> ABL Intercreditor Agreement Governs. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties are subject to the provisions of the ABL Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the ABL Intercreditor Agreement and this Agreement, the provisions of the ABL Intercreditor Agreement shall control.

Section 3. Conditions to Effectiveness of Amendment. This Amendment shall become effective and the provisions set forth in Section 1 and Section 2 shall become operative on the date (the "Amendment No. 2 Effective Date") on which each of the following conditions are satisfied or waived by the Administrative Agent in its sole discretion:

(A) the Administrative Agent shall have received executed signature pages to this Amendment from Lenders holding 100% of the Loans and Revolver Commitments, the Borrowers and the other Loan Parties;

(B) the Administrative Agent shall have received, for each of the applicable Loan Parties:

(1) a copy of such Loan Party's Organization Documents, as amended up to and including the Amendment No. 2 Effective Date, (1) certified (to the extent such certification can be obtained) as of a recent date by the applicable Governmental Authority of such Loan Party's jurisdiction of incorporation, organization or formation, and (2) certified as of the Amendment No. 2 Effective Date by the secretary or assistant secretary of such Loan Party or a Responsible Officer of such Loan Party as being in full force and effect without further modification or amendment;

(2) a good standing certificate or certificate of status from the applicable Governmental Authority of such Loan Party's jurisdiction of incorporation, organization or formation, each dated a recent date prior to the Amendment No. 2 Effective Date;

(3) signature and incumbency certificates of the officers of such Loan Party executing the Loan Documents to which it is a party, dated as of the Amendment No. 2 Effective Date; and

(4) duly adopted resolutions of the board of directors or similar governing body of such Loan Party approving and authorizing the execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party, certified as of the Amendment No. 2 Effective Date by the secretary or assistant secretary of such Loan Party or a Responsible Officer of such Loan Party, as being in full force and effect without modification or amendment;

(5) that certain Amended and Restated Promissory Note C, dated as of February 14, 2018, between Swan Debt Aggregator L.P. (as successor to Niska Partners Coöperatief U.A.) and Rockpoint Gas Storage Canada Ltd. (as successor to Niska Gas Storage Canada ULC), that certain Amended and Restated Promissory Note J, dated as of July 6, 2016, between Swan Debt Aggregator L.P. (as successor to Niska Partners Coöperatief U.A.) and Rockpoint Gas Storage Canada Ltd. (as successor to Niska Gas Storage Canada ULC) and that certain Amended and Restated Promissory Note K, dated as of July 6, 2016, between Swan Debt Aggregator L.P. (as successor to Niska Partners Coöperatief U.A.) and Rockpoint Gas Storage Canada Ltd. (as successor to Niska Gas Storage Canada ULC), in each case, as further amended, restated, supplemented or otherwise modified from time to time.

(C) the Administrative Agent shall have received the favorable opinions (addressed to the Administrative Agent and the Lenders) of (A) Latham & Watkins LLP, counsel to the Loan Parties and (B) Norton Rose Fulbright Canada LLP, Canadian counsel to the Loan Parties, in each case customary in form and substance and reasonably satisfactory to the Administrative Agent;

(D) the Administrative Agent shall have received certificate of a Responsible Officer of the US Borrower (it being understood that, with respect to the person executing such certificate as a Responsible Officer of the US Borrower, such certificate is provided in such person's capacity as an officer of the US Borrower, and not in such person's individual capacity), in substantially the form of Exhibit H to the Credit Agreement, attesting to the Solvency of each Loan Party, on a combined basis, as of the Amendment No. 2 Effective Date;

(E) the Administrative Agent shall have received (i) a completed US Borrowing Base Report dated as of the Amendment No. 2 Effective Date, setting forth the US Borrowing Base as of February 12, 2018 and (ii) a completed Canadian Borrowing Base Report dated as of the Amendment No. 2 Effective Date, setting forth the Canadian Borrowing Base as of February 12, 2018;

(F) the Administrative Agent shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation, the PATRIOT Act;

(G) (i) all accrued fees and expenses required to be paid to the Administrative Agent and Royal Bank of Canada, in its capacity as lead arranger with respect to this Amendment, on or before the Amendment No. 2 Effective Date shall have been paid and (ii) all fees required to be paid to the Lenders on or before the Amendment No. 2 Effective Date shall have been paid, in each case, to the extent estimated or invoiced at least one (1) Business Day prior to the Amendment No. 2 Effective Date;

(H) unless waived by the Administrative Agent, the Borrowers shall have paid all fees, charges and disbursements of not more than one US and one Canadian counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent), *plus* such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Administrative Agent), in each case, to the extent estimated or invoiced at least one (1) Business Day prior to the Amendment No. 2 Effective Date;

(I) the Borrowers shall have consummated the transactions contemplated by the Secured Senior Notes Documents (which shall be in form and substance reasonably satisfactory to the Administrative Agent), and shall have applied the net proceeds thereof, together with cash on hand, to (i) satisfy and discharge the Senior Notes Indenture and (ii) repay the obligations under the Term Loan Documents in full, and, in each case, shall have caused the release and discharge of all security interests, liens and guaranties in respect thereof, as applicable, in each case, in form and substance satisfactory to the Administrative Agent;

(J) the Administrative Agent shall have received the fully executed ABL Intercreditor Agreement in form and substance reasonably acceptable to the Administrative Agent; and

(K) the Administrative Agent shall have received (i) an amendment to the Last-Out Credit Agreement (including an amendment to the maturity date thereunder to at least 180 days after the Revolver Maturity Date) in form and substance reasonably acceptable to the Administrative Agent, (ii) the Standstill and Intercreditor Agreement among the US Borrower, the Guarantors party thereto, the Last-Out Agent, the Administrative Agent and the Secured Senior Notes Trustee in form and substance reasonably acceptable to the Administrative Agent and (iii) an amendment to the Dutch Notes Subordination Agreement (as defined in the Secured Notes Documents) in form and substance reasonably acceptable to the Administrative Agent.

Section 4. Reaffirmation of the Loan Parties. Each Loan Party hereby consents to the amendment of the Existing Credit Agreement effected hereby and confirms and agrees that, notwithstanding the effectiveness of this Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Existing Credit Agreement, this Amendment or in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case as amended by this Amendment. For greater certainty and without limiting the foregoing, each Loan Party hereby confirms that the existing security interests and liens granted by such Loan Party in favor of the Secured Parties pursuant to the Loan Documents in the Collateral described therein shall continue to secure the obligations of the Loan Parties under the Credit Agreement and the other Loan Documents as and to the extent provided in the Loan Documents.

Section 5. Representations and Warranties. Each of the Parent Affiliates and the Borrowers represents and warrants to the Administrative Agent and the Lenders as of the Amendment No. 2 Effective Date that:

Section 5.1. The execution, delivery and performance of this Amendment by each Loan Party and the performance by each Loan Party of the Loan Documents, as amended by this Amendment, to which such Loan Party is party have been duly authorized by all necessary corporate or other organizational action. Each Loan Party has duly executed and delivered this Amendment and each of this Amendment and the Loan Documents, as amended by this Amendment, to which such Loan Party is a party, constitutes the legal, valid and binding obligation of such Loan Party enforceable against each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law). Each Loan Party (a) is in compliance with all applicable Laws and (b) is duly qualified and is licensed and, to the extent such concept is applicable in such jurisdiction, in good standing, under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except in each case referred to in clause (a) or (b) to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 5.2. The execution, delivery and performance by each Loan Party of this Amendment and the performance by each Loan Party of each Loan Document, as amended by this Amendment, to which such Loan Party is a party, will not (a) violate any Law, except to the extent that any such violation could not reasonably be expected to have a Material Adverse Effect, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the properties of such Party or any of its Subsidiaries (other than Liens permitted by the Credit Agreement) or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject, except to the extent that any such violations could not reasonably be expected to have a Material Adverse Effect or (c) contravene the terms of any of such Loan Party's Organization Documents.

Section 5.3. The representations and warranties set forth in the Credit Agreement, this Amendment and in the other Loan Documents, as amended by this Amendment, shall be true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) on and as of Amendment No. 2 Effective Date (both before and after giving effect to the Amendment) with the same effect as though such representations and warranties had been made on and as of the Amendment No. 2 Effective Date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) as of such earlier date.

Section 5.4. At the time of and after giving effect to this Amendment, no Default or Event of Default shall have occurred and is continuing.

Section 6. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission (i.e. a "PDF" or "TIF") shall be effective as delivery of a manually executed counterpart hereof.

Section 7. Applicable Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 8. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 9. Notices. All communications and notices hereunder shall be given as provided in the Credit Agreement.

Section 10. Severability. The fact that any term or provision of this Amendment is held invalid, illegal or unenforceable as to any person in any situation in any jurisdiction shall not affect the validity, enforceability or legality of the remaining terms or provisions hereof or the validity, enforceability or legality of such offending term or provision in any other situation, or jurisdiction or as applied to any person.

Section 11. Successors. The terms of this Amendment shall be binding upon, and

shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

Section 12. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the other Secured Parties under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of either such agreement or any other Loan Document. Each Loan Party acknowledges and agrees that each of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be paid, released, discharged, satisfied, impaired or limited by the execution or effectiveness of this Amendment and this Amendment shall not constitute a refinancing, substitution or novation of such obligations or any of the other rights, duties, and obligations of the parties hereunder. Each Loan Party ratifies and reaffirms its obligations under the Loan Documents to which it is a party, the Liens granted by it pursuant to the Security Documents, which continue to secure the Obligations, and if such Loan Party is a Guarantor, its guaranty of the Obligations pursuant to the Guaranties. From and after the Amendment No. 2 Effective Date, all references to the Credit Agreement in any Loan Document shall, unless expressly provided otherwise, refer to the Credit Agreement. In entering into this Amendment, each Lender has undertaken its own analysis and has not relied on any other Lender in making its decision to enter into this Amendment. This Amendment constitutes a Loan Document. The Borrowers agree to pay all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 10.04 of the Credit Agreement. This Amendment supersedes Amendment No. 1 in its entirety.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

ROCKPOINT GAS STORAGE PARTNERS LP
as US Borrower
By Swan GP LLC, its general partner

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

AECO GAS STORAGE PARTNERSHIP
as Canadian Borrower
By Rockpoint Gas Storage Canada Ltd., its managing partner

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

SWAN EQUITY SUB-AGGREGATOR LP
By Swan Holdings GP (Canada) Inc., its general partner

By _____
Name: James Rickert
Title: Senior Vice President

SWAN GP LLC

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

ROCKPOINT GAS STORAGE PARTNERS LP
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Name: Simon Dupéré
Title: President and Chief Executive Officer

SWAN EQUITY SUB-AGGREGATOR LP
By Swan Holdings GP (Canada) Inc., its general partner

By _____
Name: James Rickert
Title: Senior Vice President

SWAN GP LLC

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GS HOLDINGS I, LP
By Rockpoint US GP LLC, its general partner

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

BIF II TRES PALACIOS AGGREGATOR (DELAWARE) LLC

By _____
Name: Simon Dupéré
Title: President

BIF II CALGAS (DELAWARE) LLC
COASTAL BEND GAS STORAGE, LLC
LODI GAS STORAGE, L.L.C.
ROCKPOINT GAS STORAGE LLC
ROCKPOINT GAS STORAGE MANAGEMENT LLC
ROCKPOINT GAS STORAGE US FINANCE CORP.
ROCKPOINT GAS STORAGE US, LLC
ROCKPOINT MIDSTREAM LLC
ROCKPOINT PARTNERS MANAGEMENT US INC.
ROCKPOINT US GP LLC
SALT PLAINS STORAGE, LLC
STARKS GAS STORAGE L.L.C.
WILD GOOSE STORAGE, LLC

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE CANADA LTD.
ROCKPOINT GAS STORAGE CANADA FINANCE CORP.
ROCKPOINT CANADA GP ULC
ACCESS GAS SERVICES INC.
ACCESS GAS SERVICES (ONTARIO) INC.
ENERSTREAM AGENCY SERVICES INC.

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROYAL BANK OF CANADA,
as Administrative Agent

By: _____
Name: Yvonne Brazier
Title: Manager, Agency Services

ROYAL BANK OF CANADA,
as a Lender

By: _____

Name: Anna Bernat
Title: Attorney In Fact

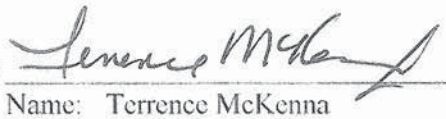
FARHAN LODHI
ATTORNEY IN FACT

BANK OF MONTREAL
as a Lender

By: _____
Name: Helen Alvarez - Hernandez
Title: Managing Director

BANK OF MONTREAL
Corporate Finance Division
Cross-Border Banking
First Canadian Place - 100 King St W., 18th Fl.
Toronto, Ontario M5X 1A1
CANADA

BANK OF MONTREAL, Chicago Branch
as a Lender

By: 

Name: Terrence McKenna
Title: Director

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Lender

By: _____
Name:
Title: Courtney Savage
Authorized Signatory

By: _____
Name:
Title: Geoff Golding
Authorized Signatory

EXPORT DEVELOPMENT CANADA,
as a Lender

By: _____
Name: Trevor Mulligan
Title: Financing Manager

By: _____
Name:
Title: Sajjad Jafri
Senior Associate

THE BANK OF NOVA SCOTIA
as a Lender

By: _____
Name: Chris Freeman
Title: Director

By: _____
Name: Jonathan Leach
Title: Associate

ATB FINANCIAL,
as a Lender

By: _____
Name: Trevor Guinard
Title: Director

By: _____
Name: Evan Hahn
Title: Associate Director

Toronto Dominion Bank
as a Lender

By: _____
Name: Michelle White
Title: Senior Analyst

Sean Noonan
Director Asset Finance

Internal

Annex I

~~EXECUTION VERSION~~
ANNEX I

ABL CREDIT AGREEMENT

Dated as of December 22, ~~2016~~
~~among~~

~~NISKA~~2016, as amended by Amendment No. 1 and Consent to ABL Credit Agreement dated as of March 30, 2017 and Amendment No. 2 dated as of February 14, 2018
among

ROCKPOINT GAS STORAGE PARTNERS ~~L.P.~~LP,

as US Borrower,
AECO GAS STORAGE PARTNERSHIP,
as Canadian Borrower,

SWAN EQUITY SUB-AGGREGATOR LP and SWAN GP LLC,
as Parent Affiliates,

ROYAL BANK OF CANADA,
as Administrative Agent and Collateral Agent,

and

THE LENDERS PARTY HERETO

and

RBC CAPITAL MARKETS,* BMO CAPITAL MARKETS*
and CANADIAN IMPERIAL BANK OF COMMERCE,
as Co-Lead Arrangers and Joint Book Managers,

and

BANK OF MONTREAL and
CANADIAN IMPERIAL BANK OF COMMERCE,
as Co-Documentation Agents

Reference is made to the ABL Intercreditor Agreement dated as of ~~December 22, 2016,~~ February 14, 2018, (as amended, restated, supplemented or otherwise modified from time to time, the "ABL Intercreditor Agreement"), among Royal Bank of Canada, as ABL Agent (as defined therein), The Bank of ~~Montreal, as Term Loan Agent~~New York Mellon, as Secured Senior Notes Trustee (as defined therein), and each other party from time to time party thereto. Each lender hereunder (a) acknowledges that it has received a copy of the ABL Intercreditor Agreement, (b) consents to the subordination of Liens provided for in the ABL Intercreditor Agreement, (c) agrees that it will be bound by and will take no actions contrary to the provisions of the ABL Intercreditor Agreement and (d) authorizes and instructs the Administrative Agent to enter into the ABL Intercreditor Agreement as ABL Agent (as defined therein) and on behalf of such lender. The foregoing provisions are intended as an inducement to the lenders under this Agreement to permit the incurrence of Indebtedness under this Agreement and to extend credit to the Borrowers and such lenders are intended third party beneficiaries of such provisions.

* RBC Capital Markets is a marketing name for the investment banking activities of Royal Bank of Canada.
* BMO Capital Markets is a marketing name for the investment banking activities of Bank of Montreal.

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Exhibit J-4 Form of US Tax Compliance Certificate (For Foreign Lenders That Are Partnerships for U.S. Federal Income Tax Purposes)

ABL CREDIT AGREEMENT

This ABL CREDIT AGREEMENT ("Agreement") ~~is~~was entered into as of December 22, 2016 among ~~NISKA~~ROCKPOINT GAS STORAGE PARTNERS ~~L.P.~~LP, a Delaware limited partnership (the "US Borrower"), and AECO GAS STORAGE PARTNERSHIP, an Alberta general partnership (the "Canadian Borrower" and together with the US Borrower, the "Borrowers" and each individually, a "Borrower"), SWAN EQUITY SUB-AGGREGATOR LP, a Delaware limited partnership ("Swan Equity"), and SWAN GP LLC, a Delaware limited liability company ("Swan GP," together with Swan Equity, the "Parent Affiliates"), ROYAL BANK OF CANADA, as the Administrative Agent and Collateral Agent and each lender from time to time party hereto (collectively, the "Lenders" and individually, a "Lender")~~.~~ and amended as of March 30, 2017 and February 14, 2018.

RECITALS

1. ~~The~~On the Closing Date, the Borrowers ~~intend to repay~~repaid all indebtedness of the borrowers under that certain amended and restated credit agreement dated as of June 29, 2012 and amended as of February 29, 2016, and as further amended as of August 1, 2016, among Niska Gas Storage US, LLC, as US Borrower (as defined therein), AECO Gas Storage Partnership, as Canadian Borrower (as defined therein), Niska Gas Storage Partners L.P. as Holdings (as defined therein), Royal Bank of Canada, as administrative agent and collateral agent and the lenders from time to time party thereto (as the same may be amended, amended and restated, supplemented or modified prior to the Closing Date, the "Existing Credit Agreement"), ~~terminate~~terminated all commitments to extend credit thereunder and ~~release~~released and ~~discharge~~discharged all security and guarantees in respect thereof (the "Debt Refinancing").

2. ~~The~~On the Closing Date, the Borrowers ~~have~~ requested that, substantially simultaneously with the consummation of the Debt Refinancing, (i) the Lenders extend credit to the Borrowers in accordance with their commitments hereunder from time to time on or after the Closing Date in an initial aggregate principal amount of up to $230,000,000 pursuant to this Agreement, (ii) certain other lenders extend credit to the Borrowers in the form of term loans on the Closing Date in an aggregate principal amount of up to $150,000,000 pursuant to the Term Loan Credit Agreement (as defined below) and (iii) certain other lenders extend credit to the Borrowers in an aggregate principal amount of up to $100,000,000 pursuant to the Last-~~Out~~Out Credit Agreement (as defined below).

In consideration of the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS AND ACCOUNTING TERMS

1.01 **Defined Terms**. As used in this Agreement, the following terms shall have the meanings set forth below:

"ABL Facility" means the asset based revolving credit facility provided under this Agreement.

"ABL Intercreditor Agreement" means that certain ABL Intercreditor Agreement dated as of the ~~Closing~~Amendment No. 2 Effective Date among the Administrative Agent, the ~~Term Loan Administrative Agent~~Secured Senior Notes Trustee and acknowledged by the Loan Parties.

"Acceptable Issuer" means (a) any national or state bank or trust company or credit union or financial service cooperative which is organized under the laws of the United States or any state thereof or under the laws of Canada or any province or territory thereof or (b) any branch licensed to operate under the laws of the United States or any state thereof or under the laws of Canada or any province or territory thereof, which is a branch of a bank organized under any country which is a member of the Organization for Economic Cooperation and Development, in each case which has capital, surplus and undivided profits of at least $500,000,000 (or the equivalent thereof in one or more other currencies) and whose commercial paper is rated at least P-1 by Moody~~'~~'s or A-1 by S&P.

"Account" has the meaning given such term in the PPSA or the UCC, as applicable.

"Account Debtor" means any Person who is or who may become obligated under, with respect to, or on account of, an Account. For purposes of the determination of Eligible Receivables, Account Debtors that are Affiliates of each other shall be treated as a single Account Debtor unless otherwise consented to by the Administrative Agent in its Permitted Discretion.

"Additional Lender" has the meaning specified in Section 2.15.

"Adjustment Date" means the last Business Day of each March, June, September and December.

"Administrative Agent" means Royal Bank of Canada, in its capacity as administrative agent under any of the Loan Documents, or any permitted successor administrative agent.

"Administrative Agent Fee Letter" means that certain fee letter dated as of the ~~date hereof~~Closing Date among the Administrative Agent and the Borrowers, as the same may be amended, amended and restated, supplemented or modified from time to time.

"Administrative Agent~~'~~'s Office" means the Administrative Agent~~'~~'s address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify to the Borrowers and the Lenders.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agents" means the Administrative Agent and the Collateral Agent.

"Aggregate Borrowing Base" means, at any time, the sum of the US Borrowing Base and the Canadian Borrowing Base.

"Aggregate Canadian Revolver Commitments" means, at any time, the sum of the Canadian Revolver Commitments of all Canadian Revolver Lenders at such time, as the same may be increased or reduced from time to time in accordance with Sections 2.22 or 2.23 or reduced from time to time in accordance with Section 2.06; provided that the Aggregate Canadian Revolver Commitments shall not at any time exceed 50% of the Aggregate Revolver Commitments plus any Increased Canadian Revolver Commitments.

"Aggregate Increased Revolver Commitments" has the meaning specified in Section 2.15.

"Aggregate Revolver Commitments" means, at any time, the sum of (a) the Aggregate US Revolver Commitments at such time plus (b) the Aggregate Canadian Revolver Commitments at such time.

"Aggregate US Revolver Commitments" means, at any time, the sum of the US Revolver Commitments of all US Revolver Lenders at such time, as the same may be increased or reduced from time to time in accordance with Sections 2.22 or 2.23 or reduced from time to time in accordance with Section 2.06; provided that the Aggregate US Revolver Commitments shall not at any time exceed $230,000,000 plus any Increased US Revolver Commitments.

"Agreement" means this ABL Credit Agreement, as may be further amended, supplemented, restated, increased, extended or otherwise modified from time to time.

"Amendment No. 2" means Amendment No. 2 to ABL Credit Agreement, dated as of the Amendment No. 2 Effective Date, among the Parent Affiliates, the Loan Parties, the Administrative Agent and the Lenders party thereto.

"Amendment No. 2 Effective Date" means the date on which all of the conditions precedent specified in Section 2 of Amendment No. 2 are satisfied or waived by the Administrative Agent in its sole discretion, which date is February 14, 2018.

"Anti-Terrorism Law" has the meaning specified in Section 5.21.

"Anticipated Cure Deadline" has the meaning specified in Section 8.03.

"Applicable Canadian Pension Legislation" means, at any time, any applicable Canadian federal or provincial pension benefits standards legislation, including all regulations made thereunder and all legally enforceable rules, regulations, rulings and interpretations made or issued by any Governmental Authority in Canada having or asserting jurisdiction in respect thereof, each as amended or replaced from time to time.

"Applicable Commitment Fee Rate" [redacted]

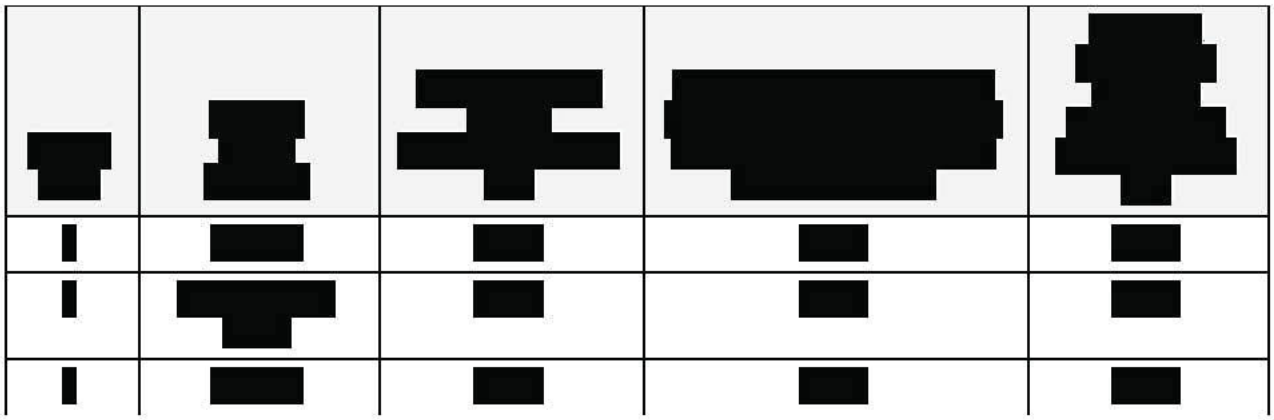
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

[redacted]

"Applicable L/C Issuer" means (a) with respect to a US Letter of Credit, the US L/C Issuer and (b) with respect to a Canadian Letter of Credit, the Canadian L/C Issuer.

"Applicable Percentage" means, with respect to any Lender at any time, such Lender's US Revolver Percentage or Canadian Revolver Percentage, as applicable, at such time.

"Applicable Rate"



"Applicable Swing Line Lender" means (a) with respect to a US Swing Line Loan, the US Swing Line Lender and (b) with respect to a Canadian Swing Line Loan, the Canadian Swing Line Lender.

"Approved Eligible Receivables" means each Eligible Receivable that is (a) from a Person whose Debt Rating is either at least Baa3 by Moody's or at least BBB- by S&P, (b) fully and unconditionally guaranteed as to payment by a Person whose Debt Rating is either at least Baa3 by Moody's or at least

BBB- by S&P, (c) from any Person Currently Approved by the Administrative Agent, or (d) fully covered by a letter of credit or cash collateral from an Acceptable Issuer; provided that for purposes of this clause (d), such Eligible Receivable shall not constitute an Approved Eligible Receivable to the extent such cash collateral constitutes Eligible Cash Equivalents under the applicable Borrowing Base.

"Approved Fund" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Arranger Fee Letter" means that certain fee letter dated as of the ~~date hereof~~Closing Date among the Arrangers and the Borrowers, as the same may be amended, amended and restated, supplemented or modified from time to time.

"Arrangers" means RBC Capital Markets, BMO Capital Markets and Canadian Imperial Bank of Commerce, in their capacities as joint lead arrangers and joint book managers.

"Assignee Group" means two or more Eligible Assignees that are Affiliates of one another or two or more Approved Funds managed by the same investment advisor.

"Assignment and Assumption" means an assignment and assumption entered into by a Lender and an Eligible Assignee (with the consent of any party whose consent is required by Section 10.06(b)), and accepted by the Administrative Agent, in substantially the form of Exhibit A or any other form approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

"Average Daily Usage" means, as of any Adjustment Date, the average daily Total Revolver Exposure (excluding any Total Revolving Exposure resulting from any outstanding Swing Line Loans) for the three-calendar month period immediately preceding such Adjustment Date, divided by the Aggregate Revolver Commitments in effect at such time.

"Average Excess Liquidity" means, at any Adjustment Date, the average daily Excess Liquidity for the calendar quarter immediately preceding such Adjustment Date.

"BA Discount Rate" means, in respect of a BA being accepted by a Canadian Revolver Lender on any date, (a) for a Canadian Revolver Lender that is listed in Schedule I to the Bank Act (Canada) at such time, the average bankers~~'~~' acceptance discount rate as quoted on Reuters Limited CDOR page (or such other page as may, from time to time, replace such page on that service for the purpose of displaying quotations for bankers~~'~~' acceptances accepted by leading Canadian financial institutions) at approximately 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers~~'~~' acceptances having a comparable maturity date as the maturity date of such BA; provided that, if the rate determined as aforesaid shall ever be less than zero, such rate shall be deemed to be zero (the "CDOR Rate"); or, if such rate is not available at or about such time, the average of the bankers~~'~~' acceptance rates (expressed to five decimal places) as quoted to the Administrative Agent by the Schedule I BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers~~'~~' acceptances having a comparable maturity date as the maturity date of such BA; (b) for a Schedule II BA Reference Bank or a Schedule III BA Reference Bank that is not subject to the restrictions and requirements referred to in

subsection 524 (2) of the Bank Act (Canada), the rate established by the Administrative Agent to be the lesser of (i) the CDOR Rate plus 0.10% per annum and (ii) the average of the bankers' acceptance rates (expressed to five decimal places) as quoted to the Administrative Agent by the Schedule II BA Reference Banks and the Schedule III BA Reference Banks as of 10:00 a.m. (Toronto, Ontario time) on such drawdown date for bankers' acceptances having a comparable maturity date as the maturity date of such BA; and (c) for other Canadian Revolver Lenders, the CDOR Rate plus 0.10% per annum.

"BA Equivalent Advance" means a loan provided hereunder by a Canadian Revolver Lender in lieu of accepting a BA pursuant to Section 2.17(f).

"Bail-In Action" means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

"Bail-In Legislation" means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

"Bank of Canada Rate" means, for any day, the "Canadian Overnight Repo Rate Average" as calculated by Thomson ReutersBenchmark Services Limited (or any replacement service therefor) and quoted on Reuters Page "BOFC" on such day; provided that if such rate is not then published, the "Bank of Canada Rate" for such day shall be the "Target for the Overnight Rate" as then set by the Bank of Canada, as quoted on Reuters Page "BOFC" on such day.

"Bankers' Acceptance" or "BA" means a draft in a Canadian Revolver Lender's usual form, including a depository bill within the meaning of the Depository Bills and Notes Act (Canada) made originally payable to and deposited with the Canadian Depository for Securities Limited, denominated in Canadian Dollars, drawn by or on behalf of the Canadian Borrower, for a term selected by the Canadian Borrower of either 30, 60, 90 or 180 days or, as agreed to by the relevant Canadian Revolver Lenders, 14-29 days (in each case, as reduced or extended by the Administrative Agent, acting reasonably, to allow the maturity thereof to fall on a Business Day), or such other term as agreed to by the Canadian Revolver Lenders, payable in Canada, and accepted by a Canadian Revolver Lender in accordance with this Agreement.

"Base Rate" means for any day a fluctuating rate per annum equal to the highest of (i) the rate of interest in effect for such day as publicly announced from time to time by Royal Bank of Canada as its "prime rate", (ii) ½ of 1% per annum above the Federal Funds Rate, and (iii) the Eurodollar Rate for an Interest Period of one month in effect on such day plus 1%; provided that in any case the Base Rate shall not be less than zero.

"Base Rate Loan" means a Loan or portion of a Loan that bears interest based on the Base Rate.

"Bcf" means billion cubic feet.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time (other than any right conditioned upon the occurrence of events or circumstances outside such person's control). The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Borrower" and "Borrowers" have the meanings specified in the introductory paragraph hereto.

"Borrower Materials" has the meaning specified in Section 6.02.

"Borrowing" means a US Revolver Borrowing, a US Swing Line Borrowing, a Canadian Revolver Borrowing or a Canadian Swing Line Borrowing, as the context may require.

"Borrowing Base" means the US Borrowing Base or the Canadian Borrowing Base, as applicable.

"Borrowing Base Parties" means the US Borrowing Base Parties and the Canadian Borrowing Base Parties.

"Borrowing Base Reports" means the US Borrowing Base Reports and the Canadian Borrowing Base Reports.

"Budget" has the meaning specified in Section 6.02(c).

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the jurisdiction where the Administrative Agent~~'~~'s Office is located; provided that (i) when used in connection with a Eurodollar Rate Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in deposits in the applicable currency in the London interbank eurodollar market and (ii) when used in connection with any Loan to the Canadian Borrower, any Canadian Letter of Credit or any payment made in connection therewith, the term "Business Day" shall also exclude any day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the Provinces of Ontario, Alberta, Quebec or New York, New York.

"Calculation Date" has the meaning specified in the definition of "Fixed Charge Coverage Ratio".

"Canadian Borrower" has the meaning specified in the introductory paragraph hereto.

"Canadian Borrower Debenture" means the Fixed and Floating Charge Debenture dated the Closing Date and executed by the Canadian Borrower in favor of the Collateral Agent, for the benefit of itself and the other Secured Parties, substantially in the form of Exhibit F-7.

"Canadian Borrower Debenture Pledge Agreement" means the Debenture Pledge Agreement between the Canadian Borrower and the Collateral Agent, for the benefit of itself and the other Secured Parties made as of the Closing Date, substantially in the form of Exhibit F-9.

"Canadian Borrowing Base" means, at any time, the sum of the following:

(a) 100% of the Canadian Borrowing Base Parties~~'~~' Eligible Cash Equivalents at such time; provided that the amount calculated pursuant to this clause (a), when combined with the amount calculated pursuant to clause (a) of the definition of "US Borrowing Base", shall not exceed the Eligible Cash Cap; plus

(b) 90% of the Canadian Borrowing Base Parties~~'~~' Approved Eligible Receivables at such time; plus

(c) 85% of the Canadian Borrowing Base Parties~~'~~' Other Eligible Receivables at such time; plus

(d) 80% of the Net Liquidating Value of Hedge Positions in Brokers Accounts of the Canadian Borrowing Base Parties at such time; plus

(e) 90% of the value of the Canadian Borrowing Base Parties' Hedged Eligible Inventory hedged for a term of less than six months at such time; plus

(f) 85% of the value of the Canadian Borrowing Base Parties' Hedged Eligible Inventory hedged for a term of greater than or equal to six months and less than 12 months at such time; plus

(g) 80% of the value of the Canadian Borrowing Base Parties' Hedged Eligible Inventory hedged for a term of greater than or equal to 12 months and less than 18 months at such time; plus

(h) 70% of the value of the Canadian Borrowing Base Parties' Hedged Eligible Inventory hedged for a term of greater than or equal to 18 months and less than 24 months at such time; plus

(i) 60% of the Other Eligible Inventory Value of the Canadian Borrowing Base Parties at such time; plus

(j) 80% of the Issued but Unused Letter of Credit Value in respect of Letters of Credit issued to support mark to market trading obligations for the account of or on behalf of the Canadian Borrowing Base Parties at such time; plus

(k) (i) to the extent that the Net Liquidating Value of Hedge Positions of the Canadian Borrowing Base Parties at such time is positive, 85% of such Net Liquidating Value of Hedge Positions at such time reduced by (ii) to the extent that the Net Liquidating Value of Hedge Positions of the Canadian Borrowing Base Parties at such time is negative, 115% of such Net Liquidating Value of Hedge Positions at such time; minus

(l) 100% of the Canadian Borrowing Base Parties' Other Priority Claims and any other Reserves at such time.

"Canadian Borrowing Base Parties" means the Canadian Borrower and each other Canadian Loan Party that is party to a Security Agreement as a "Grantor" or "Debtor" thereunder.

"Canadian Borrowing Base Report" has the meaning specified in Section 6.02(f)(ii).

"Canadian Debentures" means the Canadian Borrower Debenture, the Canadian Loan Party Debentures, the Canadian Borrower Debenture Pledge Agreement and the Canadian Loan Party Debenture Pledge Agreements, each substantially in the form of Exhibits F-7 through F-10, respectively.

"Canadian Dollars" or "C$" means the lawful currency of Canada.

"Canadian Guarantee" means a Guarantee made by the Canadian Loan Parties in favor of the Secured Parties, substantially in the form of Exhibit C-2.

"Canadian IP Security Agreement" means the intellectual property security agreement granted by Rockpoint Gas Storage Canada Ltd. (formerly Niska Gas Storage Ltd.) in favor of the Collateral Agent in respect of the intellectual property rights granted by it to the Collateral Agent pursuant to the Canadian Security Agreement.

"Canadian L/C Borrowing" means an extension of credit resulting from a drawing under any Canadian Letter of Credit which has not been reimbursed on the date when made or refinanced as a Canadian Revolver Borrowing.

"Canadian L/C Issuer" means (a) Royal Bank of Canada, in its capacity as the issuer of Canadian Letters of Credit hereunder, and its successors and permitted assigns in such capacity and (b) with respect to the Existing Letters of Credit, Royal Bank of Canada. The Administrative Agent may, with the consent of the Canadian Borrower and the Canadian Revolver Lender in question, or the Canadian Borrower may, with the consent of Canadian Revolver Lender in question and notice to the Administrative Agent, appoint any Canadian Revolver Lender as a Canadian L/C Issuer in place of or in addition to Royal Bank of Canada. A Canadian L/C Issuer may, in its discretion, arrange for one or more Canadian Letters of Credit to be issued by Affiliates of such Canadian L/C Issuer, in which case the term "Canadian L/C Issuer" shall include any such Affiliate with respect to Canadian Letters of Credit issued by such Affiliate. The commitment of each Canadian L/C Issuer identified in clause (a) above shall be as set forth on Schedule A-2, as amended from time to time.

"Canadian L/C Obligations" means L/C Obligations in respect of Canadian Letters of Credit, which amount shall not exceed $75,000,000 or the Dollar Equivalent thereof minus the outstanding aggregate amount of all US L/C Obligations at such time.

"Canadian Letter of Credit" means any letter of credit issued by the Canadian L/C Issuer hereunder upon the application of the Canadian Borrower. A Canadian Letter of Credit may be a commercial letter of credit or a standby letter of credit.

"Canadian Letter of Credit Fee" has the meaning set forth in Section 2.09(a).

"Canadian Loan Parties" means the Canadian Borrower and each other Subsidiary of the Parent Affiliates that (a) is organized under the laws of any jurisdiction in Canada and (b) is or is required to be a party to any Loan Document.

"Canadian Loan Party Debenture" means a Floating Charge Debenture or Fixed and Floating Charge Debenture executed by a Canadian Loan Party in favor of the Collateral Agent, for the benefit of itself and the other Secured Parties, each substantially in the form of Exhibit F-8, and "Canadian Loan Party Debentures" means, collectively, all such Floating Charge Debentures and Fixed and Floating Charge Debentures executed by the Canadian Loan Parties.

"Canadian Loan Party Debenture Pledge Agreement" means a Debenture Pledge Agreement between a Canadian Loan Party and the Collateral Agent, for the benefit of itself and the other Secured Parties, each substantially in the form of Exhibit F-10, and "Canadian Loan Party Debenture Pledge Agreements" means, collectively, all such Canadian Loan Party Debenture Pledge Agreements between the Canadian Loan Parties and the Collateral Agent.

"Canadian Pension Plan" means any plan, program, agreement or arrangement that is a pension plan for the purposes of Applicable Canadian Pension Legislation which is maintained or contributed to, or to which there is or may be an obligation to contribute, by any Canadian Loan Party in respect of their respective employees in Canada, but excluding, for greater certainty, the Canada and Quebec Pension Plans.

"Canadian Prime Rate" means, on any day, a fluctuating annual rate of interest expressed on the basis of a year of 365 or 366 days equal on that day to the higher of (i) the rate of interest per annum most recently announced by the Administrative Agent as its reference rate for Canadian Dollar commercial

demand loans made to a Person in Canada; and (ii) the Administrative Agent's BA Discount Rate for Bankers' Acceptances having a maturity of one month plus one percent per annum; provided that in any case if such rate is negative, it shall be deemed to be 0.00%. The Canadian Prime Rate is not necessarily the lowest rate that the Administrative Agent is charging to its corporate customers.

"Canadian Prime Rate Loan" means a Canadian Revolver Loan or portion of a Canadian Revolver Loan that bears interest based on the Canadian Prime Rate.

"Canadian Revolver Adjustment" has the meaning set forth in Section 2.22(a).

"Canadian Revolver Adjustment Date" has the meaning set forth in Section 2.22(a).

"Canadian Revolver Advance" has the meaning set forth in Section 2.01(b).

"Canadian Revolver Availability Period" means the period from and including the Closing Date to the earliest of (a) the Revolver Maturity Date, (b) the date of termination of all Canadian Revolver Commitments pursuant to Section 2.06 and (c) the date of termination of the commitment of each Canadian Revolver Lender to make Canadian Revolver Loans pursuant to Section 8.02.

"Canadian Revolver Borrowing" means (a) a borrowing or continuation or conversion of loans consisting of simultaneous Canadian Revolver Loans made by the Canadian Revolver Lenders pursuant to Section 2.01(b) and (b) the acceptance or purchase by the Canadian Revolver Lenders of Bankers' Acceptances issued by the Canadian Borrower pursuant to Section 2.16, including pursuant to a rollover of Bankers' Acceptances.

"Canadian Revolver Commitment" means, as to each Canadian Revolver Lender, its obligation to (a) make Canadian Revolver Advances to the Canadian Borrower pursuant to Section 2.01(b), (b) acquire participations in Canadian Letters of Credit and (c) acquire participations in Canadian Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth as its "Canadian Revolver Commitment" opposite such Lender's name on Annex A-2 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Canadian Revolver Exposure" means, with respect to any Canadian Revolver Lender at any time, the sum of (a) the Dollar Equivalent of the outstanding principal amount of such Lender's Canadian Revolver Advances at such time plus (b) such Lender's Canadian Revolver L/C Exposure at such time plus (c) such Lender's Canadian Revolver Percentage of the Dollar Equivalent of the outstanding principal amount of all Canadian Swing Line Loans at such time.

"Canadian Revolver Facility" means, at any time, the aggregate amount of the Canadian Revolver Lenders' Canadian Revolver Commitments at such time.

"Canadian Revolver L/C Exposure" means, with respect to any Canadian Revolver Lender at any time, such Lender's Canadian Revolver Percentage of the Total Canadian Revolver L/C Exposure at such time.

"Canadian Revolver Lender" means, at any time, any Lender that has a Canadian Revolver Commitment at such time or, if the Canadian Revolver Commitments have terminated or expired, a Lender with Canadian Revolver Exposure and, as the context requires, includes a Canadian L/C Issuer.

"Canadian Revolver Loan" has the meaning set forth in Section 2.01(b).

"Canadian Revolver Maximum Available Amount" means, at any date, an amount equal to the lesser of (a) the Aggregate Canadian Revolver Commitments as of such date and (b) the Dollar Equivalent of the Canadian Borrowing Base on such date (as determined by reference to the Canadian Borrowing Base Report most recently delivered pursuant to Section 6.02(f)(ii)).

"Canadian Revolver Note" means a promissory note made by the Canadian Borrower in favor of a Canadian Revolver Lender evidencing the Canadian Revolver Loans made by such Lender, substantially in the form of Exhibit B-2.

"Canadian Revolver Obligations" means all indebtedness, liabilities and obligations from time to time owing by any Loan Party to any Canadian Revolver Lender or the Canadian Swing Line Lender under or pursuant to any Loan Document with respect to any Canadian Revolver Advance, Canadian Letter of Credit or Canadian Swing Line Loan, or under or pursuant to any guaranty of such indebtedness, liabilities or obligations, or under or pursuant to any Security Document which secures the payment and performance of such indebtedness, liabilities and obligations, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. "Canadian Revolver Obligation" means any part of the Canadian Revolver Obligations.

"Canadian Revolver Percentage" means, with respect to any Canadian Revolver Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate Canadian Revolver Commitments represented by such Lender~~'~~'s Canadian Revolver Commitment at such time. If the commitment of each Canadian Revolver Lender to make Canadian Revolver Advances has been terminated pursuant to Section 8.02 or if the Aggregate Canadian Revolver Commitments have expired, then the Canadian Revolver Percentage of each Canadian Revolver Lender shall be determined based on the Canadian Revolver Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial Canadian Revolver Percentage of each Canadian Revolver Lender is set forth as its "Canadian Revolver Percentage" opposite the name of such Lender on Annex A-2 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"Canadian Revolver Required Lenders" means, as of any date of determination, Canadian Revolver Lenders holding more than 50% of the sum of (a) the Total Canadian Revolver Exposure (with the aggregate amount of each Canadian Revolver Lender~~'~~'s risk participation and funded participation in Canadian L/C Obligations and Canadian Swing Line Loans being deemed "held" by such Canadian Revolver Lender for purposes of this definition) as of such date and (b) the aggregate unused Canadian Revolver Commitments as of such date; provided that the unused Canadian Revolver Commitment of, and the portion of the Total Canadian Revolver Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Canadian Revolver Required Lenders.

"Canadian Revolver Supermajority Lenders" means, as of any date of determination, Canadian Revolver Lenders holding more than 66 ⅔% of the sum of (a) the Total Canadian Revolver Exposure (with the aggregate amount of each Canadian Revolver Lender's risk participation and funded participation in Canadian L/C Obligations and Canadian Swing Line Loans being deemed "held" by such Canadian Revolver Lender for purposes of this definition) as of such date and (b) the aggregate unused Canadian Revolver Commitments as of such date; provided that the unused Canadian Revolver Commitment of, and the portion of the Total Canadian Revolver Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Canadian Revolver Required Lenders.

"Canadian Security Agreement" means that certain Canadian General Security Agreement dated as of the Closing Date and executed by the Canadian Loan Parties in favor of the Collateral Agent, for the benefit of itself and the other Secured Parties, substantially in the form of Exhibit F-2.

"Canadian Subsidiary" means any Subsidiary of the Parent Affiliates, in each case, that is organized under the Laws of Canada or any province or territory thereof.

"Canadian Swing Line Borrowing" means a borrowing of a Canadian Swing Line Loan pursuant to Section 2.04.

"Canadian Swing Line Lender" means the Canadian Revolver Lender which is the provider of Canadian Swing Line Loans (which as of the Closing Date is The Bank of Nova Scotia), or any successor Canadian swing line lender hereunder.

"Canadian Swing Line Loan" has the meaning set forth in Section 2.04(a)(ii).

"Canadian Swing Line Note" means a promissory note made by the Canadian Borrower in favor of the Canadian Swing Line Lender evidencing the Canadian Swing Line Loans made by such Swing Line Lender, substantially in the form of Exhibit B-4.

"Canadian Swing Line Sublimit" means an amount equal to the lesser of (i) $15,000,000 or the Dollar Equivalent thereof and (ii) 10% of the Canadian Revolver Facility. The Canadian Swing Line Sublimit is part of, and not in addition to, the Canadian Revolver Facility.

"Canadian US Dollar Base Rate" means for any day a fluctuating rate per annum equal to the highest of: (i) the rate of interest in effect for such day as publicly announced from time to time by Royal Bank of Canada as its "U.S. Base Rate"; (ii) ½ of 1% per annum above the Federal Funds Rate; and (iii) the Eurodollar Rate for an Interest Period of one month in effect on such day plus 1%.

"Canadian US Dollar Base Rate Loan" means a Loan or portion of a Loan that bears interest based on the Canadian US Dollar Base Rate.

"Capital Expenditures" means, as of any date for the applicable period then ended, all cash capital expenditures of the Borrowers and their Restricted Affiliates on a ~~combined~~combined basis for such period, as determined in accordance with GAAP (including (i) costs, charges and expenses associated with gas migration and (ii) acquisitions of intellectual property to the extent the cost thereof is treated as a capitalized expense in accordance with GAAP made in cash during such period); provided, however, that Capital Expenditures shall not include expenditures that are accounted for as capital expenditures by the Borrowers and their Restricted Affiliates and that actually are paid for or reimbursed by a Person other than any of the Borrowers and their Restricted Affiliates and for which neither the Borrowers or their Restricted Affiliates has provided or is required to provide or incur, directly or indirectly, any consideration or obligation to such Person or any other Person (whether before, during or after such period).

"Capital Lease" means a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Lease Obligation" means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person as of the date of any determination thereof.

"Cash Collateral" means the cash or deposit account balances referred to in the definition of "Cash Collateralize".

~~"Cash Collateral Account" means the "Cash Collateral Account" established and maintained by The Bank of Nova Scotia in the name of the Borrowers in accordance with the terms of the Term Loan Credit Agreement.~~

"Cash Collateralize" means (a) with respect to Letters of Credit, to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Applicable L/C Issuer and the US Revolver Lenders or Canadian Revolver Lenders, as applicable, as Collateral for the applicable L/C Obligations, cash or deposit account balances or a back stop letter of credit pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the Applicable L/C Issuer (which documents are hereby consented to by the US Revolver Lenders and Canadian Revolver Lenders) and (b) with respect to Bankers~~'~~' Acceptances, to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the Canadian Revolver Lenders, as Collateral for the applicable Bankers~~'~~' Acceptances, cash or deposit account balances or a back stop letter of credit pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent (which documents are hereby consented to by the Canadian Revolver Lenders).

"Cash Dominion Period" means any period (a) during which an Event of Default exists and is continuing or (b) from the date Excess Liquidity is less than the greater of (x) 15% of the Line Cap and (y) $25,000,000 until the date Excess Liquidity has been at least the greater of (x) 15% of the Line Cap and (y) $25,000,000 for a period of thirty (30) consecutive days.

"Cash Equivalents" means Investments in:

(a) marketable obligations, maturing within 12 months after acquisition thereof, issued or unconditionally guaranteed by the United States or Canada or an instrumentality or agency thereof and entitled to the full faith and credit of the United States or Canada;

(b) overnight demand deposits, demand deposits and time deposits (including certificates of deposit) maturing within 12 months from the date of deposit thereof, (i) with any office of any Lender or (ii) with a domestic office of any national or state bank or trust company which is organized under the Laws of the United States or any state therein or Canada or any province or territory thereof, which has capital, surplus and undivided profits of at least $500,000,000 (or the equivalent thereof in Canadian Dollars), and whose long-term certificates of deposit are rated at least Aa3 by Moody~~'~~'s or AA- by S&P;

(c) repurchase obligations with a term of not more than seven days for underlying securities of the types described in subsection (a) above entered into with (i) any Lender or (ii) any other commercial bank meeting the specifications of subsection (b) above;

(d) open market commercial paper, maturing within 270 days after acquisition thereof, which are rated at least P-1 by Moody~~'~~'s or A-1 by S&P; and

(e) money market or other mutual funds substantially all of whose assets comprise securities of the types described in subsections (a) through (d) above.

"Cash Management Agreement" means any agreement to provide cash management services, including treasury, depository, overdraft, electronic funds transfer and other cash management arrangements.

"Cash Management Bank" means any Person that, at the time it enters into a Cash Management Agreement, is a Lender or an Affiliate of a Lender, in its capacity as a party to such Cash Management Agreement.

"CFC" means a Person that is a controlled foreign corporation under Section 957 of the Code; provided that no Restricted Affiliate as of the Closing Date shall constitute a CFC.

"Change in Law" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or Canada or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means the occurrence of any one of the following events:

(i) the Parent Affiliates cease to own, directly or indirectly, 100% of the outstanding Equity Interests of the Borrowers; or

(ii) the Sponsor ceases to (i) have the right, directly or indirectly, by voting power, contract or otherwise to elect or designate for election at least a majority of the board of directors (or similar governing body) of each Parent Affiliate and/or (ii) own, directly or indirectly, 50.1% of the outstanding Voting Stock of each Parent Affiliate.

"Closing Date" means December 22, 2016.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Co-Documentation Agents" means Bank of Montreal and Canadian Imperial Bank of Commerce, in their capacities as co-documentation agents.

"Collateral" means all property of any kind which, under the terms of any Security Document, (i) is subject to a Lien in favor of the Secured Parties (or in favor of the Collateral Agent for the benefit of the Secured Parties) or (ii) is purported to be subject to such a Lien, in each case granted or created to secure all or part of the Obligations.

"Collateral Agent" means Royal Bank of Canada, in its capacity as collateral agent under any of the Loan Documents, or any successor collateral agent.

"Compliance Certificate" means a certificate substantially in the form of Exhibit D.

"Consolidated Cash Interest Charges" means, with respect to the Borrowers and their Restricted Affiliates for any period, the sum, without duplication, and to the extent payable in cash in such period, of: (a) the ~~combined~~combined interest expense of the Borrowers and their Restricted Affiliates for such period, whether paid or accrued (including, without limitation, fees and charges incurred in respect of letter of credit or bankers~~'~~', acceptance financings), and net of the effect of all payments made or

received pursuant to interest rate Hedging Obligations; plus (b) the combined interest expense of the Borrowers and their Restricted Affiliates that was capitalized during such period; plus (c) any interest expense on Indebtedness of another Person that is guaranteed by the Borrowers or one of their Restricted Affiliates or secured by a Lien on assets of the Borrowers or one of their Restricted Affiliates, whether or not such guarantee or Lien is called upon. For the avoidance of doubt, any interest required to be paid, capitalized or paid in kind on the Subordinated Notes and the Last-Out Loans, or any de minimis fees or charges for cash management arrangements in the ordinary course of business shall not constitute Consolidated Cash Interest Charges for purposes of this Agreement.

"Consolidated Cash Interest Expense" means, with respect to the Borrowers and their Restricted Affiliates for any period, the sum, without duplication, and to the extent paid or ~~payable~~required to be paid in cash in such period, of the ~~combined~~combined interest expense of the Borrowers and their Restricted Affiliates for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers~~'~~' acceptance financings), and net of the effect of all payments made or received pursuant to interest rate Hedging Obligations. For the avoidance of doubt, any interest required to be paid, capitalized or paid in kind on the Subordinated Notes and the Last-Out Loans, or any de minimis fees or charges for cash management arrangements in the ordinary course of business shall not constitute Consolidated Cash Interest Expense for purposes of this Agreement.

"Consolidated EBITDA" means, without duplication, with respect to the Borrowers and their Restricted Affiliates for any four Fiscal Quarter period, the Consolidated Net Income of the Borrowers and their Restricted Affiliates for such period plus:

(a) an amount equal to any net loss realized by the Borrowers and their Restricted Affiliates in connection with a non-ordinary course Disposition, to the extent such losses were deducted in computing such Consolidated Net Income; plus

(b) provision for taxes based on income or profits of the Borrowers and their Restricted Affiliates for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(c) Consolidated Cash Interest Charges and, without duplication, any interest expense on any Subordinated Debt to the extent deducted in computing such Consolidated Net Income; plus

(d) depreciation and amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period), impairment and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of the Borrowers and their Restricted Affiliates for such period to the extent that such depreciation and amortization, impairment and other non-cash expenses were deducted in computing such Consolidated Net Income; plus

(e) non-cash losses resulting from foreign currency balance sheet adjustments required by GAAP to the extent such losses were deducted in computing such Consolidated Net Income; plus

(f) ~~Transaction Costs~~any expenses, costs or charges incurred, or any amortization thereof for such period, in connection with any equity issuance, Investment, acquisition, disposition, recapitalization or incurrence or repayment of, or amendment or waiver of the operative documents with respect to, Indebtedness permitted under this Agreement, including a refinancing thereof (in each case whether or not successful) (including any Transaction Costs); plus

(g) all extraordinary, unusual or non-recurring items of gain or loss, or revenue or expense to the extent deducted in computing such Consolidated Net Income; minus

(h) non-cash items increasing such Consolidated Net Income for such period, other than items that were accrued in the ordinary course of business;

in each case, in respect of the Borrowers and their Restricted Affiliates, on a consolidated basis and determined in accordance with GAAP.

"Consolidated Net Income" means, with respect to the Borrowers and their Restricted Affiliates for any period, the aggregate of the Net Income of the Borrowers and their Restricted Affiliates for such period, on a combined basis, determined in accordance with GAAP; provided that:

(a) the Net Income (but not loss) of any Person that is not a Subsidiary of the Borrowers or a Restricted Affiliate or that is accounted for by the equity method of accounting will be included, but only to the extent of the amount of dividends or distributions paid in cash to the Borrowers or a Restricted Affiliate; provided that with respect to any joint venture, the aggregate Net Income of such joint venture will be included to the extent of the Borrowers' or any Restricted Affiliates' percent ownership of such joint venture so long as the declaration or payment of dividends or similar distributions by such joint venture of that Net Income is at the date of determination permitted and made without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that joint venture or its stockholders, partners or members;

(b) the Net Income of any Restricted Affiliate that is not a Guarantor will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Affiliate of that Net Income is not at the date of determination permitted and made without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Affiliate or its stockholders, partners or members;

(c) the cumulative effect of a change in accounting principles will be excluded;

(d) unrealized losses and gains under derivative instruments included in the determination of Consolidated Net Income, including, without limitation those resulting from the application of pre-codification Statement of Financial Accounting Standards No. 133 will be excluded;

(e) any nonrecurring charges relating to any premium or penalty paid, write off of deferred finance costs or other charges in connection with redeeming or retiring any Indebtedness prior to its stated maturity will be excluded; and

(f) any impairment charge or asset write-off or write-down, including those pursuant to Financial Accounting Standards Board Statement No. 142 will be excluded.

"Consolidated Tangible Assets" means, as to any Person, the aggregate amount of total assets included in such Person's most recent quarterly or annual consolidated balance sheet prepared in accordance with GAAP (less applicable reserves reflected in such balance sheet) after deducting therefrom all goodwill, trademarks, patents, unamortized debt discount and expenses and any other like intangibles.

"Contractual Obligation" means, as to any Person, of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Control Agreement" means, with respect to any deposit account, securities account, commodity account, securities entitlement or commodity contract, an agreement, in form and substance reasonably satisfactory to the Collateral Agent, among the Collateral Agent, the financial institution or other Person at which such account is maintained or with which such entitlement or contract is carried and the Loan Party maintaining such account or owning such entitlement or contract, effective to grant "control" (within the meaning of Articles 8 and 9 under the applicable UCC) over such account to the Collateral Agent and subject such account to a first priority security interest (subject to the terms hereof) in favor of the Collateral Agent, for the benefit of the applicable Secured Parties.

"Countess Facility" means the natural gas storage facility located in south central Alberta, Canada and having, as of the Closing Date, two storage reservoirs with a total capacity of approximately 70.5 Bcf, and associated compressors, compressor sites, pipeline headers, pipelines and other related equipment and buildings.

"CPUC" shall mean the California Public Utilities Commission, and any successor agency.

"CPUC Approvals" shall mean the CPUC regulatory approvals requested by the Borrowers under Section ~~6.18.~~6.17.

"Credit Extension" means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

"Cure Amount" has the meaning specified in Section 8.03.

"Cure Right" has the meaning specified in Section 8.03.

"Currently Approved by the Administrative Agent" means, with respect to any matter relating to either the US Borrowing Base or the Canadian Borrowing Base, such matter, as reflected in the most recent written notice given by the Administrative Agent to the applicable Borrower as being approved by the Administrative Agent. Each such written notice will supersede and revoke (or supplement, to the extent applicable) each prior notice that pertains to the same subject matter.

"Cushion Gas" means the volume of gas needed as a permanent non-cycling inventory to maintain adequate reservoir pressures and deliverability rates at a Natural Gas Storage Facility.

"Debt Rating" means, as of any date of determination, a Person's corporate family credit rating or the corporate family rating as determined, respectively, by either S&P or Moody's (collectively, the "Debt Ratings"); provided that if a Debt Rating is issued by each of the foregoing rating agencies, then the less favorable of such Debt Ratings shall apply, unless there is a split in Debt Ratings of more than one level, in which case the level that is one level better than the less favorable of such Debt Ratings shall apply.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States, Canada (or any province therein) or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Debt Refinancing" has the meaning specified in the recitals hereto.

~~"Debt Service Reserve Account" means the "Debt Service Reserve Account" established and maintained by The Bank of Nova Scotia in the name of the Borrowers in accordance with the terms of the Term Loan Credit Agreement.~~

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" [redacted]

"Defaulting Lender" means any Lender, as determined by the Administrative Agent, that ~~has~~ (a) has failed to fund any portion of its Loans or participations in L/C Obligations or participations in Swing Line Loans within two Business Days of the date required to be funded by it hereunder, (b) has notified the Borrowers or the Administrative Agent that it does not intend to comply with its funding obligations or has made a public statement or provided any written notification to any Person to that effect with respect to its funding obligations hereunder or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by the Administrative Agent (whether acting on its own behalf or at the reasonable request of the Borrowers (it being understood that the Administrative Agent shall comply with any such reasonable request)), to confirm in a manner satisfactory to the Administrative Agent and the Borrowers that it will comply with its funding obligations or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had a receiver, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business or a custodian appointed for it, (iii) taken any action in furtherance of, or indicated its consent to, approval of or acquiescence in any such proceeding or appointment or (iv) become the subject of a Bail-In Action, unless, in the case of this clause (d), the Borrowers and the Administrative Agent are reasonably satisfied that such Lender will remain capable of performing its obligations hereunder; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority.

If the Borrowers, the Administrative Agent, the Swing Line Lenders and one or more applicable L/C Issuers agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set for the therein (which may, to the extent permitted by applicable Law, include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par that portion of outstanding Loans of the other Lenders or take such other actions as the

Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit and Swing Lien Loans to be held on a pro rata basis by the Lenders in accordance with their Applicable Percentages, whereupon such Lender will cease to be a Defaulting Lender; provided that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while such Lender was a Defaulting Lender; provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from such Lender's having been a Defaulting Lender.

"Discount Proceeds" means, in respect of each Bankers' Acceptance, funds in an amount which is equal to:

$$\frac{\text{Face Amount}}{1 + (\text{Rate} \times \text{Term}/365)}$$

(where "Face Amount" is the principal amount of the Bankers' Acceptance being purchased, "Rate" is the BA Discount Rate divided by 100 and "Term" is the number of days in the term of such Bankers' Acceptance).

"Disposition" means the sale, transfer, license, or other disposition (including any sale leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, and the terms "Dispose" and "Disposing" have corresponding meanings.

"Disqualified Stock" means (a) in the case of the Borrowers or any of their Restricted Affiliates, any Equity Interests that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Equity Interests), or upon the happening of any event, matures or is mandatorily redeemable for cash, pursuant to a sinking fund obligation or otherwise, or redeemable for cash at the option of the holder of the Equity Interests, in whole or in part, on or prior to the date that is 91 days after the Revolver Maturity Date and (b) in the case of any Subsidiary, any other Equity Interest other than any common equity with no preferences, privileges, and no cash redemption or repayment provisions. Notwithstanding the preceding sentence, any Equity Interest that would constitute Disqualified Stock solely because the holders of the Equity Interest have the right to require the issuer thereof to repurchase such Equity Interest upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if (i) the terms of such Equity Interest provide that the issuer thereof may not repurchase or redeem any such Equity Interest pursuant to such provisions unless such repurchase or redemption complies with the requirements of Section 7.07 hereof or (ii) the terms of such Equity Interest provide that the issuer thereof may not repurchase or redeem any such Equity Interest prior to the Borrowers' prepayment of the Revolver Loans hereunder. The amount of Disqualified Stock deemed to be outstanding at any time for purposes hereof will be the maximum amount that the Borrowers or any of their Restricted Affiliates may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"Dollar Equivalent" means, at any time, (a) with respect to any amount denominated in Dollars, such amount and (b) with respect to any amount denominated in Canadian Dollars, the equivalent in Dollars of such amount as determined by the Administrative Agent at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with Canadian Dollars. In making any determination of the Dollar Equivalent, the Administrative Agent shall use the

relevant Spot Rate in effect on the date on which the Canadian Borrower delivers a Request for Credit Extension or on such other date on which a Dollar Equivalent is required to be determined pursuant to the provisions of this Agreement. As appropriate, amounts specified herein as amounts in Dollars shall be or include any relevant Dollar Equivalent amount.

"Dollars", "US Dollars" or "$" means the lawful currency of the United States.

"Dutch Notes" means, collectively, that certain Amended and Restated Promissory Note C, dated as of February 14, 2018, between Swan Debt Aggregator L.P. (as successor to Niska Partners Coöperatief U.A.) and Rockpoint Gas Storage Canada Ltd. (as successor to Niska Gas Storage Canada ULC), that certain Amended and Restated Promissory Note J, dated as of September 30, 2016, between Swan Debt Aggregator L.P. (as successor to Niska Partners Coöperatief U.A.) and Rockpoint Gas Storage Canada Ltd. (as successor to Niska Gas Storage Canada ULC) and that certain Amended and Restated Promissory Note K, dated as of September 30, 2016, between Swan Debt Aggregator L.P. (as successor to Niska Partners Coöperatief U.A.) and Rockpoint Gas Storage Canada Ltd. (as successor to Niska Gas Storage Canada ULC), in each case, as further amended, restated, supplemented or otherwise modified from time to time.

"EEA Financial Institution" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"EEA Member Country" means any of the member states of the European Union, Iceland, Liechtenstein and Norway.

"EEA Resolution Authority" means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

"Eligible Assignee" means any Person that meets the requirements to be an assignee under Section 10.06(b)(iii), (v), (vi) and (vii) (subject to such consents, if any, as may be required under Section 10.06(b)(iii)).

"Eligible Cash Cap" means an amount equal to $75,000,000.

"Eligible Cash Equivalents" means Cash Equivalents (a) in which a Borrowing Base Party has lawful and absolute title, (b) which are free from any express or implied at law Lien, trust or other beneficial interest (other than (i) Liens in favor of the Collateral Agent for the benefit of the Secured Parties and (ii) non-consensual Liens arising by operation of law for which amounts are not yet due and owing), and (c) which are (i) held in a deposit account with the Collateral Agent or (ii) held in an account with another financial institution reasonably satisfactory to the Collateral Agent and in which the Collateral Agent holds a fully perfected first-priority security interest prior to the rights of, and enforceable as such against, any other Persons pursuant to a Control Agreement satisfactory to the Collateral Agent or any other legal requirement necessary for perfecting a security interest in such assets with such priority on terms reasonably satisfactory to the Collateral Agent which shall provide for daily reporting of cash balances or online access satisfactory to the Administrative Agent; provided that Cash Equivalents in any Excluded Account shall not constitute Eligible Cash Equivalents.

"Eligible Inventory" means, at the time of any determination thereof, with respect to any Borrowing Base Party, inventories of Natural Gas of such Borrowing Base Party in good and saleable condition as to which the following requirements have been fulfilled at the Permitted Discretion of the Administrative Agent:

(a) such Borrowing Base Party has sole, lawful and absolute title to such inventories;

(b) such inventories are located on or in:

(i) a Natural Gas Storage Facility comprised of real property owned by a Borrowing Base Party; provided that such real property is not subject to any Lien in favor of any Person other than the Administrative Agent (other than other Liens permitted by Section 7.01);

(ii) a Natural Gas Storage Facility (other than those Natural Gas Storage Facilities specifically addressed in other clauses of this paragraph (b)) comprised of real property leased by a Borrowing Base Party or as to which a Borrowing Base Party has been granted rights by easement, license or otherwise to have access to and operate such Natural Gas Storage Facility; provided that such real property is not subject to any Lien in favor of any Person other than the Administrative Agent (other than other Liens permitted by Section 7.01);

(iii) a Third-Party Location pursuant to an agreement with the owner of such Third-Party Location providing for the storage of such inventories at such Third-Party Location; provided that (A) such agreement is subject to a valid and fully perfected security interest pursuant to the Security Documents, (B) such agreement is not subject to any Lien in favor of any Person other than Liens permitted by Section 7.01, and (C) such agreement is in full force and effect and the owner of such Third-Party Location is not in material violation of its obligations thereunder;

(c) such inventories are subject to a fully perfected first priority security interest (subject only to (i) Permitted Natural Gas Liens and (ii) non-consensual Liens arising by operation of law for which amounts are not yet due and payable) in favor of the Administrative Agent for the benefit of the Secured Parties pursuant to the Loan Documents, prior to the rights of, and enforceable as such against, any other Person;

(d) such inventories are not subject to any Lien in favor of any Person other than the Administrative Agent (other than (i) Permitted Natural Gas Liens and (ii) non-consensual Liens arising by operation of law for which amounts are not yet due and payable);

(e) such inventories are currently saleable in the normal course of such Borrowing Base Party~~'~~'s business without any notice to, or consent of, any Governmental Authority (other than those already made or obtained), except for any immaterial notice or consent incident to such sale where the failure to give such notice or consent does not prevent or rescind such sale or materially adversely affect the security interest to be granted therein pursuant to the Security Documents or the perfection thereof;

(f) such inventories do not consist of Cushion Gas, bill-and-hold goods (i.e., inventories which have been previously sold by a Borrowing Base Party but which are being held by such Borrowing Base Party pending delivery) or inventories on consignment;

(g) such inventories are located in the United States or Canada; and

(h) as to inventories located at properties subject to a lease, surface or access agreement referred to in item (b)(ii) above, each such agreement is valid, in full force and effect and there has been no material impairment to or interference with the applicable Loan Parties~~'~~' rights thereunder;

provided that, clauses (a) through (h) above notwithstanding, "Eligible Inventory" shall include inventories of Natural Gas (determined as of the last day of the calendar month in which the applicable Borrowing Base Report is dated (or if the applicable Borrowing Base Report is dated after the settlement day of such calendar month and on or prior to the last day of any calendar month, determined as of the last day of the next succeeding calendar month)) that are subject to a binding purchase contract and scheduled to be delivered to such Borrowing Base Party by the last day of such calendar month, and upon delivery such inventories will constitute "Eligible Inventory" (as determined by the Administrative Agent in its Permitted Discretion); provided, further, that the amount of "Eligible Inventory" shall be reduced, without duplication, by the amount of any "Eligible Inventory" owed in respect of product exchange obligations; provided, further, that, for the avoidance of doubt, "Eligible Inventory" shall exclude any inventory as to which a corresponding Eligible Receivable is accounted for in the applicable Borrowing Base.

"Eligible Receivables" at the time of any determination thereof (the "Determination Date"), and without duplication, with respect to any Borrowing Base Party, each Account of such Borrowing Base Party under any firm written agreement with respect to injection, withdrawal, sale, delivery of or other service relating to Natural Gas as to which the following requirements have been fulfilled (or as to future Accounts, will be fulfilled):

(a) such Borrowing Base Party has lawful and absolute title to such Account;

(b) such Account is a valid, legally enforceable obligation of an Account Debtor payable in US Dollars (in the case of a US Borrowing Base Party) or payable in Canadian Dollars or US Dollars (in the case of a Canadian Borrowing Base Party), arising from storage, injection, withdrawal, sale, delivery of or other service relating to Natural Gas to such Person in the United States or Canada in the ordinary course of business of such Borrowing Base Party;

(c) there has been excluded from such Account (i) any portion of such Account that is subject to any dispute, rejection, loss, non-conformance, counterclaim or other claim or defense on the part of any Account Debtor or to any claim on the part of any Account Debtor denying liability under such Account, and (ii) the amount of any account payable or other liability owed by such Borrowing Base Party to the Account Debtor on such Account, whether or not a specific netting agreement may exist (other than any liability consisting of an obligation of such Borrowing Base Party to re-deliver Natural Gas of such Account Debtor that is stored in any Natural Gas Storage Facility), excluding, however, any portion of any such account payable or other liability which is at the time in question covered by a Letter of Credit;

(d) such Borrowing Base Party has the full and unqualified right to grant a valid and enforceable security interest in such Account to the Administrative Agent for the benefit of the Secured Parties as security for the Obligations;

(e) such Account (i) (A) is evidenced by an invoice rendered to the applicable Account Debtor or (B) represents the unbilled amount that will be invoiced and due in the current or next two (or as may be limited to one succeeding calendar month in clause (g)) succeeding calendar months, (ii) is governed by a written Storage Services Agreement, Gas EDI, NAESB or is with NGX (or similar exchange) which is in full force and effect and which constitutes the valid, legally enforceable obligation of the applicable Account Debtor and (iii) is not evidenced by any promissory note or other instrument;

(f) such Account (and any letter of credit securing it) is not subject to any Lien in favor of any Person (other than (i) Liens in favor of the Administrative Agent and (ii) non-consensual Liens arising by operation of law for which amounts are not yet due and payable) and is subject to a fully perfected first priority security interest (or, in the case of a letter of credit, assignment of proceeds) in favor of the Administrative Agent for the benefit of the Secured Parties pursuant to the Loan Documents, prior to the rights of, and enforceable as such against, any other Person;

(g) if the Determination Date occurs on or before the Settlement Date for the month in which such Determination Date occurs, such Account is due in such month or the immediately following month; and if the Determination Date occurs after the Settlement Date for the month in which such Determination Date occurs, such Account is due in the next succeeding two months;

(h) such Account is not owed by an Account Debtor with respect to which five percent (5%) or more of its Accounts have not been settled in the month originally invoiced;

(i) the Account Debtor in respect of such Account (A) is located, is conducting significant business or has significant assets in the United States or Canada or is a Person Currently Approved by the Administrative Agent, (B) is not an Affiliate of any Borrowing Base Party (or, if such Account Debtor is an Affiliate of any Borrowing Base Party, such Account Debtor is either listed on Schedule 1.01A-1 or is otherwise approved by the Administrative Agent), and (C) is not the subject of any event of the type described in Section 8.01(f), (g) or, to the extent that such Account is materially impaired, (h);

(j) in the case of US government contracts, such Account is subject to a properly filed and acknowledged assignment in accordance with the Assignment of Claims Act, if applicable, and, in the case of Canadian government contracts, such Account is subject to all notification, consent, filing and other requirements under the Financial Administration Act (Canada), if applicable, and under all other applicable Laws for the perfection and enforceability of the first priority security interest under the Loan Documents, in each case, prior to the rights of, and enforceable as such against, any other Person;

(k) such Account is not an Account with respect to which the Administrative Agent determines in its Permitted Discretion is not collectable within the time periods otherwise required hereby; and

(l) there has been excluded from such Account any portion of such Account representing sales tax, excise tax or any other Taxes or collections on behalf of any Governmental Authority which such Borrowing Base Party is obligated to distribute to such Governmental Authority;

provided that, in the determination of Eligible Receivables, there shall be excluded the portion of any Accounts owed by any Account Debtor exceeding (x) in the event that the such Account Debtor has received either a Debt Rating by S&P of at least A- or a Debt Rating by Moody's of at least A3, twenty percent (20%) of the total Eligible Receivables and (y) otherwise, ten percent (10%) of the total Eligible Receivables, in each case, other than the Account Debtors listed on Schedule 1.01A-2 (as such Schedule 1.01A-2 may be amended from time to time at the request of the applicable Borrower with the approval of the Administrative Agent) or Account Debtors otherwise approved by the Administrative Agent in its Permitted Discretion.

"Enforcement Action" shall mean, collectively, or individually, any of the following: (a) to demand, sue for, take or receive from or on behalf of any Loan Party of any of the Obligations, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by any Loan Party with respect to the Obligations, (b) to initiate or participate with others in any suit, action or proceeding against any Loan Party to (i) enforce payment of or to collect the whole or any part of the

Obligations, or (ii) commence judicial enforcement of any of the rights and remedies under the Loan Documents or applicable law with respect to the Obligations, (c) to accelerate any of the Obligations, or (d) to participate in any Insolvency Proceeding against, or with respect to any of the assets of, any Loan Party instituted by any creditor thereof or taking any action to institute, or joinder with other creditors of any Loan Party for the purpose of instituting, any Insolvency Proceeding against any Loan Party or of any portion of the assets of any Loan Party; and such term shall include the exercise of remedies provided for in Section 8.02.

"Environmental Laws" means any and all applicable federal, state, provincial, territorial, local, or foreign statutes, Laws (including common law), judgments, orders, decrees, concessions, grants, franchises, licenses, certificates, entitlements, agreements or governmental authorizations or restrictions, or other legal requirement, regulating or prohibiting releases of materials into any part of the workplace or the environment, or pertaining to the protection or improvement of natural resources or wildlife, the environment or public and employee health and safety, or pollution or exposure to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") (42 U.S.C. Section 9601 et seq.); the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.); Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016 (Pub. L. 114-183); the Natural Gas Pipeline Safety Act (49 U.S.C. Section 60,101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Clean Water Act (33 U.S.C. Section 1251 et seq.); the Clean Air Act (42 U.S.C. Section 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 7401 et seq.), the Atomic Energy Act (42 U.S.C. Section 2014 et seq.); the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.) ("OSHA"); California's Health and Safety Code (Ca. Health and Safety D. 26, Ch. 6), California Regulations for Underground Gas Storage Projects (14 CCR 1724.9); Oklahoma Underground Storage Regulations (Okla. Admin. Code § 165:10-3-5); the Canadian Environmental Protection Act, 1999, the Navigation Protection Act, the Canadian Environmental Assessment Act, 2012, the Species at Risk Act, the Fisheries Act, the Hazardous Products Act, the Hazardous Materials Information Review Act, the Nuclear Safety and Control Act, the Transportation of Dangerous Goods Act, 1992, the Environmental Protection and Enhancement Act (Alberta), the Water Act (Alberta), the Dangerous Goods Transportation and Handling Act (Alberta), the Safety Codes Act (Alberta), the Occupational Health and Safety Act (Alberta), the Climate Change and Emissions Management Act (Alberta), the Oil and Gas Conservation Act (Alberta), the Energy Resources Conservation Act (Alberta), the Oil Sands Conservation Act, the Pipeline Act (Alberta), the Municipal Government Act (Alberta), the Forest and Prairie Protection Act (Alberta), the Responsible Energy Development Act (Alberta) and the regulations promulgated pursuant thereto, and any other applicable foreign, state, provincial, or local statutes, and the regulations promulgated pursuant thereto.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs or expenses related to environmental studies, assessments and remediation, fines, penalties, indemnities or consulting or legal fees), of any Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, recycling or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other

ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with any Loan Party within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Loan Party or any ERISA Affiliate from a Multiemployer Plan; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; (f) a determination that any Pension Plan is or is reasonably expected to be in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA), or is in "critical and declining" status (within the meaning of Section 305 of ERISA), or subject to the limitations of Section 436 of the Code; (g) the imposition of a Lien pursuant to Section 430(k) of the Internal Revenue Code or Section 303(k) of ERISA with respect to any Pension Plan; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Loan Party or any ERISA Affiliate.

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor Person), as in effect from time to time.

"Eurodollar Rate" shall mean, for any Interest Period with respect to any Eurodollar Rate Loan, an interest rate per annum determined by the Administrative Agent at approximately 11:00 a.m. (London time), on the date that is two Business Days prior to the commencement of such Interest Period by reference to the rate set by ICE Benchmark Administration for deposits in Dollars (as set forth by any service selected by the Administrative Agent that has been nominated by ICE Benchmark Administration as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period, or (b) if the rates referenced in the preceding subsection (a) are not available, the rate per annum determined by the Administrative Agent as the rate of interest (rounded upward to the nearest whole multiple of one-sixteenth of one percent (1/16th %) at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by the Administrative Agent and with a term equivalent to such Interest Period would be offered by the Administrative Agent~~'~~'s London Branch to major banks in the offshore Dollar market at their request at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period; provided that in any case the Eurodollar Rate shall not be less than zero.

"Eurodollar Rate Loan" means a Loan or portion of a Loan that bears interest at a rate based on the Eurodollar Rate for the particular interest period.

"Event of Default" has the meaning specified in Section 8.01.

"Excess Liquidity" means at any time, an amount equal to (a) the Line Cap minus (b) the Total Revolver Exposure.

"Excluded Accounts" means (a) all payroll, withholding tax and other fiduciary accounts, ~~(b) the Cash Collateral Account, (c) the Debt Service Reserve Account and (d~~and (b) all other accounts as long as the aggregate balance for all Loan Parties in all such other accounts does not exceed $2,500,000 at any time.

"Excluded Subsidiary" means (a) each Immaterial Subsidiary for so long as such Subsidiary remains an Immaterial Subsidiary, (b) each Subsidiary of the US Borrower that is not a wholly-owned Subsidiary on any date such Subsidiary would otherwise be required to become a Guarantor pursuant to the requirements hereof (for so long as such Subsidiary remains a non-wholly-owned Subsidiary)~~ and~~, (c) each Subsidiary of the US Borrower to the extent that (i) such Subsidiary is prohibited by any applicable Contractual Obligation or Laws from guaranteeing the Obligations, (ii) any Contractual Obligation prohibits such guarantee without the consent of the other party or (iii) a guarantee of the Obligations would give any other party to a Contractual Obligation the right to terminate its obligation thereunder, and (d) each Subsidiary of BIF II Tres Palacios Aggregator (Delaware) LLC; provided that (x) except with respect to Subsidiaries of BIF II Tres Palacios Aggregator (Delaware) LLC, (i) the aggregate assets and aggregate revenues of any Excluded Subsidiary as at the end of and for any Fiscal Year may not exceed, respectively, 3% of the Consolidated Tangible Assets of the US Borrower and 3% of aggregate revenues of the US Borrower as reflected on the most recent financial statements delivered pursuant to Section 6.01(a), and (ii) the aggregate assets and aggregate revenues of all Excluded Subsidiaries as at the end of and for any Fiscal Year may not exceed, respectively, 5% of the Consolidated Tangible Assets of the US Borrower and 5% of total revenues of the US Borrower as reflected on the most recent financial statements delivered pursuant to Section 6.01(a), (y) no such Excluded Subsidiary or the assets thereof may be components of any Borrowing Base, and (z) no guarantor of the ~~Term Obligations~~Junior Debt in a principal amount in excess of $5,000,000 or the Secured Senior Notes shall be an Excluded Subsidiary.

"Excluded Taxes" means, with respect to any Agent, any Lender, any L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, (a) Taxes imposed on or measured by its net income (however denominated), franchise Taxes imposed on it (in lieu of net income taxes), and branch profits Taxes, (i) in the jurisdiction (or any political subdivision thereof) under the laws of which such recipient is organized, is resident, or in which its principal office is located or, in the case of any Lender, in which its applicable Lending Office is located or (ii) that are Other Connection Taxes, (b) any withholding Tax that is imposed under the provisions of the Income Tax Act (Canada) on amounts paid or payable to any Person that is attributable to such Person not dealing at arm~~'~~'s length (within the meaning of the Income Tax Act (Canada) with the Person making the payment hereunder, (c) in the case of a Lender, any U.S. withholding Tax that is imposed on amounts payable or for the account of such Lender with respect to an applicable interest in a Loan or commitment pursuant to a law in effect on the date on which (i) such Lender acquires such interest in the Loan or commitment (other than pursuant to an assignment request by a Borrower under Section 3.06 or pursuant to an assignment request by a Borrower under Section 10.12) or (ii) such Lender changes its Lending Office or designates a new Lending Office, except to the extent that such Lender (or its assignor, if any) was entitled, at the time of the change of Lending Office or designation of a new Lending Office (or assignment), to receive additional amounts from the Borrowers with respect to such withholding Tax pursuant to Section 3.01(a), (d) any Taxes attributable to such recipient~~'~~'s failure to comply with Section 3.01(e), and (e) any U.S. federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement" has the meaning specified in the recitals hereto.

"Existing Letters of Credit" means each letter of credit existing on the Closing Date and identified on Schedule 1.01A-3.

"Facility" means the US Revolver Facility or the Canadian Revolver Facility, as the context may require.

"Fair Market Value" means, with respect to any asset or group of assets on any date of determination, the value of the consideration obtainable in a sale of such asset at such date of determination assuming a sale by a willing seller to a willing purchaser dealing at arm-'s length and arranged in an orderly manner over a reasonable period of time having regard to the nature and characteristics of such asset, as reasonably determined by the Borrowers in good faith (which shall be conclusive if reasonably determined in good faith).

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreements entered into in respect of the foregoing (together with any laws, regulations and official interpretations implementing such agreements).

"FCPA" has the meaning specified in Section 5.22.

"Federal Funds Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank on the Business Day next succeeding such day; provided, that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Administrative Agent on such day on such transactions as determined by the Administrative Agent; provided that the Federal Funds Rate shall not be less than zero.

"Fee Letters" means (i) the Administrative Agent Fee Letter and (ii) the Arranger Fee Letter.

"Financed Capital Expenditures" means, with respect to any Person and for any period, Capital Expenditures made by such Person during such period that are financed with the proceeds of Indebtedness (other than Revolver Loans).

"Fiscal Quarter" means any fiscal quarter of the Borrowers and their Restricted Affiliates.

"Fiscal Year" means any fiscal year of the Borrowers and their Restricted Affiliates ending March 31 or December 31, as applicable; provided that upon notice to the Administrative Agent, any Restricted Affiliates may elect to change their fiscal year end to March 31.

"Fixed Charge Coverage Ratio" means with respect to the Borrowers and their Restricted Affiliates for any period, the ratio of (a) (1) the Consolidated EBITDA of the Borrowers and their Restricted Affiliates for such period minus (2) taxes based on income, profits or capital, including federal, foreign, state, franchise, excise and similar taxes (including in respect of repatriated funds), net of cash refunds received, of the Borrowers and their Restricted Affiliates paid in cash during such period minus (3) Capital Expenditures of the Borrowers and their Restricted Affiliates paid in cash during such period (other than Financed Capital Expenditures) to (b) the Fixed Charges of the Borrowers and their

Restricted Affiliates for such period. In the event that any Borrower or any Restricted Affiliate incurs, assumes, guarantees, repays, repurchases, defeases or otherwise discharges or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the applicable four-quarter reference period and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance of other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of such period. In addition, for purposes of calculating the Fixed Charge Coverage Ratio: (a) acquisitions that have been made by any Borrower or any Restricted Affiliate, including through mergers, consolidations or otherwise (including acquisitions of assets used in a Permitted Business and increases in ownership of Subsidiaries), and including in each case any related financing transactions (including repayment of Indebtedness) during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period, including any Consolidated EBITDA and any pro forma expense and cost reductions that have occurred or are reasonably expected to occur, in the reasonable judgment of the chief financial or accounting officer of the Person (regardless of whether those cost savings or operating improvements could then be reflected in pro forma financial statements in accordance with Regulation S-X promulgated under the Securities Act or any other regulation or policy of the Commission related thereto); (b) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded; (c) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date; and (d) interest income reasonably anticipated by such Borrower or Restricted Affiliate to be received during the applicable four-quarter period from cash or Cash Equivalents held by such Borrower or Restricted Affiliate, which cash or Cash Equivalents exist on the Calculation Date or will exist as a result of the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio, will be included.

"Fixed Charges" means, with respect to the Borrowers and their Restricted Affiliates for any period, the sum, without duplication, of: (a) the Consolidated Cash Interest Expense of the Borrowers and their Restricted Affiliates for such period, plus (b) scheduled payments of principal on indebtedness for borrowed money of the Borrowers and their Restricted Affiliates for such period, plus (c) cash dividends and other distributions in respect of Disqualified Stock paid by the Borrowers and their Restricted Affiliates for such period.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"Fund" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied; provided, however, that if the Borrowers notify the Administrative Agent that the Borrowers request an

amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrowers that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. At any time after the Closing Date, the Borrowers~~, the Lodi Parties or Tres Palacios (each as to themselves and their Subsidiaries)~~ may elect to apply International Financial Reporting Standards ("IFRS") accounting principles in lieu of GAAP and, upon any such election, "GAAP" for the Borrowers~~, the Lodi Parties or Tres Palacios (as applicable)~~ shall mean generally accepted accounting principles pursuant to IFRS; provided, that any calculation or determination in this Agreement that requires the application of GAAP for periods that include fiscal quarters ended prior to any such election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Borrowers~~, the Lodi Parties or Tres Palacios (as applicable)~~ shall give written notice of any such election made in accordance with this definition to the Administrative Agent. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not be treated as an incurrence of Indebtedness. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB Accounting Standards Codification 825-Financial Instruments, or any successor thereto (including pursuant to the FASB Accounting Standards Codification), to value any Indebtedness of the Borrowers or any Restricted Affiliate at "fair value," as defined therein and (b) the amount of any Indebtedness under GAAP or IFRS, as applicable, with respect to Capital Leases and Capital Lease Obligations shall be determined in accordance with ~~the definition of Capital Lease Obligations.~~GAAP or IFRS, as applicable, as in effect as of the Closing Date.

"Governmental Authority" means the government of the United States, Canada or any other nation, or of any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guaranties" means the US Guaranty, the Canadian Guarantee, the Parent Guaranty and each other guaranty agreement made by a Loan Party in favor of the Administrative Agent, for the benefit of the Secured Parties, and "Guaranty" means any of the foregoing.

"Guarantors" means, collectively, the Parent Affiliates and any Loan Party that executes and delivers to the Administrative Agent a Guaranty (or an applicable supplement thereto) unless released from such Guaranty pursuant to the provisions hereof.

"Hazardous Materials" means all explosive or radioactive substances, wastes or recyclables and all hazardous or toxic substances, wastes, recyclables or other pollutants, and all substances which, if released, may cause impairment of or damage to the environment, human health or safety or property, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances, wastes or recyclables of any nature regulated pursuant to any Environmental Law.

"Hedge Positions" means all positions held by the Borrowing Base Parties to hedge the price risk of Eligible Inventory in (i) NYMEX contracts with a counterparty whose Account would qualify as an Approved Eligible Receivable; (ii) contracts for a specified price for physical delivery of inventory to a counterparty whose Account would qualify as an Approved Eligible Receivable; (iii) over-the-counter put options with a floor price and with a counterparty whose Account would qualify as an Approved Eligible Receivable; and (iv) such other instruments that hedge the price risk of Eligible Inventory in a manner reasonably satisfactory to the Administrative Agent, and, in each case, (x) in which the Administrative Agent, for the benefit of the Secured Parties, has been granted an exclusive security interest in a manner satisfactory to the Administrative Agent and (y) without duplication of any positions that qualify as Hedge Positions in Brokers Accounts.

"Hedge Positions in Brokers Accounts" means all investments by the Borrowing Base Parties in commodities futures accounts in which the Administrative Agent, for the benefit of the Secured Parties, has been granted an exclusive security interest in a manner reasonably satisfactory to the Administrative Agent and pursuant to a control agreement (to the extent applicable) in form and substance reasonably satisfactory to the Administrative Agent, with such interest being subject only to the rights of the broker under such account.

"Hedged Eligible Inventory" means Eligible Inventory with respect to which the price risk has been:

(a) hedged for delivery by either:

(i) a NYMEX contract arranged through brokers approved by the Administrative Agent and with whom a three-party agreement among a Borrowing Base Party, the Administrative Agent and such broker has been entered in form and substance reasonably satisfactory to the Administrative Agent; or

(ii) a contract for a specified price for physical delivery of such inventory to a counterparty whose Account would qualify as an Approved Eligible Receivable; or

(b) hedged pursuant to an over-the-counter put option with a floor price and with a counterparty whose Account would qualify as an Approved Eligible Receivable; or

(c) otherwise hedged in a manner reasonably satisfactory to the Administrative Agent.

The value of Hedged Eligible Inventory shall be the forward inventory value, which for any day shall be determined as the total of the monthly future scheduled withdrawal quantity times the corresponding appropriate forward month price on such day. The forward month price shall be the NYMEX forward price plus (or minus) the forward location basis at the applicable Natural Gas Storage Facility (and adjusted for any transportation differential not captured by the forward location basis) as set forth below:

Natural Gas Storage Facility	Location Basis
AECO (Countess and Suffield) Facility	AECO C Basis
Salt Plains Facility	Panhandle Basis
Wild Goose Facility	PG&E Citigate Basis
NGPL (TexOk) Leased Storage Facility	NGPL TXOK Basis
NGPL (Mid Con) Leased Storage Facility	NGPL Midcon Basis
Lodi Facility	PG&E Citigate Basis

"Hedging Obligations" of any Person means the obligations of such Person under Swap Contracts dealing with interest rates, currency exchange rates or commodity prices, either generally or under specific contingencies.

"Honor Date" has the meaning set forth in Section 2.03(c)(i).

"Hydrocarbons" means crude oil, natural gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

"Immaterial Subsidiary" means, as at any date, any Subsidiary of the US Borrower (other than the Canadian Borrower) designated as such by the US Borrower in a certificate delivered by the US Borrower to the Administrative Agent on the Closing Date or at any time thereafter (and which designation has not been rescinded in a subsequent certificate of the US Borrower delivered to the Administrative Agent); provided that (a) the aggregate assets of all such Subsidiaries so designated as at the end of and for any Fiscal Year may not exceed 5.0% of Consolidated Tangible Assets of the US Borrower as reflected on the most recent financial statements delivered pursuant to Section 6.01(a), (b) no such Subsidiary and assets thereof may be components of any Borrowing Base and (c) no guarantor of ~~the Term Obligations~~Junior Debt in a principal amount in excess of $5,000,000 or the Secured Senior Notes shall be an Immaterial Subsidiary.

"Income Tax Act (Canada)" means the Income Tax Act (Canada), including the regulations made and, from time to time, in force under that Act.

"Increased Canadian Revolver Commitments" has the meaning specified in Section 2.15.

"Increased Revolver Commitments" has the meaning specified in Section 2.15.

"Increased US Revolver Commitments" has the meaning specified in Section 2.15.

"Incremental Facility Amendment" has the meaning specified in Section 2.15.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business that are not unpaid for more than 60 days after the date on which such trade account payable was created);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) Capital Lease Obligations and Synthetic Lease Obligations; and

(g) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless, and to the extent that, such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Capital Lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment under any Loan Document and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Indemnitee" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.06.

"Insolvency Proceeding" shall mean, with respect to any Person, any involuntary or voluntary liquidation, dissolution, or any sale of all or substantially all of the assets in connection with any reorganization of such Person following a default, marshaling of assets or liabilities, receivership, conservatorship, assignment for the benefit of creditors, insolvency, bankruptcy, reorganization, arrangement or composition of such Person (whether or not pursuant to Debtor Relief Laws) and any other proceeding, whether voluntary or involuntary, under Debtor Relief Laws for the protection of debtors involving such Person or any of its assets.

"Interest Act (Canada)" means the Interest Act (Canada), including the regulations made and, from time to time, in force under that Act.

"Interest Payment Date" means:

(a) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the Revolver Maturity Date; provided that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates;

(b) as to any Base Rate Loan, Canadian Prime Rate Loan, Canadian US Dollar Base Rate Loan or Swing Line Loan, the last Business Day of each March, June, September and December and the Revolver Maturity Date; and

(c) as to any BA or BA Equivalent Advance, on the first day of the term of the applicable BA or BA Equivalent Advance, as the case may be.

"Interest Period" means, with respect to any Eurodollar Rate Loan, the period commencing on the date such Loan is disbursed or converted to or continued as a Eurodollar Rate Loan, and ending on the date one, two, three or six months thereafter, or, if requested by the US Borrower and so long as at such time twelve-month deposits in the London Interbank market in Dollars are available to all affected Lenders, twelve months, as selected by the US Borrower or the Canadian Borrower, as applicable, in the applicable Loan Notice; provided that (i) any Interest Period that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period, and (iii) no Interest Period shall extend beyond the Revolver Maturity Date.

"Investment" means, as to any Person, any acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment, but shall be reduced by the amount of any returns on such Investment.

"IP Rights" has the meaning specified in Section 5.17.

"IRS" means the United States Internal Revenue Service.

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance of such Letter of Credit).

"Issued but Unused Letter of Credit Value" means an amount, not less than zero, equal to the face amount of Letters of Credit reduced by any net exchange payable and further reduced by any forward Mark-to-Market losses. "Issued but Unused Letter of Credit Value" cannot simultaneously be included in Eligible Receivables.

"Issuer Documents" means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the Applicable L/C Issuer and the applicable

Borrower (or any Subsidiary) or in favor of the Applicable L/C Issuer and relating to any such Letter of Credit.

"Judgment Interest Act (Alberta)" means the Judgment Interest Act (Alberta), including the regulations made and, from time to time, in force under that Act.

"Junior Debt" means Indebtedness that constitutes (i) Subordinated Debt, (ii) Indebtedness secured on a junior-priority basis relative to the ABL Facility by some or all of the Collateral on terms and pursuant to agreements reasonably acceptable and satisfactory to the Administrative Agent or (iii) unsecured Indebtedness (other than intercompany Indebtedness). For the avoidance of doubt, the ~~Term Facility, the~~ Subordinated Notes and the Last-Out Loans constitute Junior Debt under this Agreement.

"Junior Debt Payments" means any payment, distribution, prepayment, redemption, purchase, defeasance, or other satisfaction in any manner, with respect to Junior Debt or any obligations therewith (including, for the avoidance of doubt, payments of scheduled principal and interest)~~; provided that payments of interest, fees, reimbursement of expenses and indemnification payments under the Term Facility shall not constitute Junior Debt Payments~~.

"L/C Advance" means, with respect to each US Revolver Lender or Canadian Revolver Lender, as applicable, such Lender~~'~~'s funding of its participation in any US L/C Borrowing or Canadian L/C Borrowing, as applicable, in accordance with Section 2.03(c)(iii).

"L/C Borrowing" means a US L/C Borrowing or a Canadian L/C Borrowing.

"L/C Credit Extension" means, with respect to any US Letter of Credit or Canadian Letter of Credit, as applicable, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

~~"L/C Issuer" means the US L/C Issuer or the Canadian L/C Issuer.~~

"L/C Disbursement Loan" has the meaning set forth in Section 2.03(c)(ii).

"L/C Issuer" means the US L/C Issuer or the Canadian L/C Issuer.

"L/C Obligations" means, as at any date of determination, the aggregate amount available to be drawn under all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For purposes of computing the amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

"Last-Out ~~Agent~~Agent" means Swan Finance LP, as administrative agent under the Last-Out Credit Agreement, together with its successors and permitted assigns under the Last-Out Credit Agreement exercising substantially the same rights and powers.

"Last-Out Commitments" shall mean the "Commitments" as defined in the Last-Out Credit Agreement on the ~~date hereof~~Closing Date.

"Last-Out Credit Agreement" means that certain Credit Agreement dated as of the ~~date hereof~~Closing Date among the US Borrower, the lenders from time to time party thereto and the Last-Out Agent, as

amended on the Amendment No. 2 Effective Date and as further amended, restated, supplemented or otherwise modified from time to time in accordance with the Last-Out Subordination Agreement.

"Last-~~Out~~Out Loan Documents" means the "Loan Documents" as defined in the Last-Out Credit Agreement.

"Last-Out Loans" means the "Loans" as defined in the Last-Out Credit Agreement on the ~~date hereof~~Closing Date.

"Last-Out Loans Pledge Agreement" means a limited Pledge Agreement executed and delivered by the Last-Out Agent in favor of the Secured Parties, substantially in the form of Exhibit F-6.

"Last-Out Obligations" means the "Obligations" as defined in the Last-Out Credit Agreement on the ~~date hereof~~Closing Date.

"Last-Out Subordination Agreement" means the Subordination and Postponement Agreement dated as of the ~~date hereof between~~Closing Date among the US ~~Borrwer~~Borrower, the guarantors party thereto and the Last-Out Agent~~.~~, as amended on the Amendment No. 2 Effective Date and as further amended, restated, supplemented or otherwise modified from time to time.

"Laws" means, collectively, all international, foreign, federal, state, provincial, territorial and local laws, statutes, treaties, rules, guidelines, directives, guides, bulletins, interpretations, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lender" has the meaning specified in the introductory paragraph hereto and includes (a) the successors of each such party as Lenders hereunder pursuant to Section 10.06 and (b) as the context requires, the US Swing Line Lender and the Canadian Swing Line Lender.

"Lender Party Accounts" has the meaning set forth in Section 6.15(b).

"Lending Office" means, as to any Lender, the office or offices of such Lender described as such in such Lender~~'~~'s Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the applicable Borrower and the Administrative Agent.

"Letter of Credit" means a US Letter of Credit or a Canadian Letter of Credit.

"Letter of Credit Application" means an application and agreement for the issuance or amendment of a Letter of Credit in the form from time to time in use by the Applicable L/C Issuer.

"Letter of Credit Expiration Date" means the day that is seven days prior to the Revolver Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

"Letter of Credit Fees" means the US Letter of Credit Fees and the Canadian Letter of Credit Fees.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, floating charge or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever, whether arising under

any Law or by contract (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Line Cap" means the sum of the US Revolver Maximum Available Amount plus the Canadian Revolver Maximum Available Amount.

"Loan" means a US Revolver Loan, a US Swing Line Loan, a Canadian Revolver Advance or a Canadian Swing Line Loan, as the context may require.

"Loan Documents" means this Agreement, each Note, each BA, the Guaranties, the Security Documents, the Letters of Credit, the ABL Intercreditor Agreement, the Last-Out Subordination Agreement, the Fee Letters, each amendment, supplement, joinder, modification, consent or waiver of, to or in respect of any of the foregoing entered into from time to time, and all other agreements and instruments at any time delivered in connection herewith or therewith.

"Loan Notice" means a notice of (a) a Borrowing pursuant to Section 2.01, (b) a conversion of Loans from one Type to another pursuant to Section 2.02(a) or (c) a continuation of Eurodollar Rate Loans pursuant to Section 2.02(a) or rollover of Bankers'' Acceptances pursuant to Section 2.18(a), in each case which, if in writing, shall be substantially in the form of Exhibit E-1.

"Loan Parties" means, collectively, the US Loan Parties, the Canadian Loan Parties and each other Subsidiary of the Parent Affiliates that is or is required to be a party to any Loan Document.

"Lodi Facility" means the natural gas storage facility located in San Joaquin and Solano Counties, north of Lodi, California and having, as of the Closing Date, four storage reservoirs with a total capacity of approximately 28 Bcf and associated compressors, compressor sites, pipeline headers, pipelines and other related equipment and buildings.

"Lodi Parties" means BIF II CalGas (Delaware) LLC and Lodi Gas Storage, L.L.C.

"Mark-to-Market" means the process of revaluing for trading purposes commodity contracts held by any Person, whether in respect of physical inventory, futures, forward exchanges, swaps or other derivatives, in each case relating to Natural Gas, and which contracts may have a fixed price, a floating price and fixed differential, or other pricing basis, to the current market prices for such contracts, and determining the gain or loss on such contracts, on an aggregate net trading basis for all such contracts of such Person, by comparing the original prices of such contracts to the market prices on the date of determination.

"Master Agreement" has the meaning set forth in the definition of "Swap Contract".

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties or financial condition of the Borrowers and their Restricted Affiliates, taken as a whole; (b) a material impairment of the rights and remedies of any Agent or any Lender under any Loan Document; or (c) a material impairment of the ability of the Borrowers and their Restricted Affiliates, taken as a whole, to perform their obligations under the Loan Documents; or (d) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

"Material Real Property" means any parcel of real property (other than a parcel with a Fair Market Value of less than $1,000,000) owned in fee by a Loan Party; provided, however, that one or more parcels

owned in fee by such Loan Party and located adjacent to, contiguous with, or in close proximity to, and comprising one property with a common street address shall, in the reasonable discretion of the Administrative Agent, be deemed to be one parcel for the purposes of this definition.

"Maximum Rate" has the meaning set forth in Section 10.08.

"Moody's" means Moody's Investors Service, Inc. and any successor thereto.

"Mortgage" means, collectively, the deeds of trust, trust deeds and mortgages made by the Loan Parties in favor or for the benefit of the Administrative Agent on behalf of the Lenders in form and substance reasonably satisfactory to the Administrative Agent.

"Mortgaged Properties" means any Material Real Property with respect to which a Mortgage is required pursuant to Section 6.12 or Section ~~6.18.~~6.17.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Narrative Report" means, with respect to the financial statements for which such narrative report is required ~~(i)~~ the "Management's Discussion and Analysis of ~~Financials~~Financial Condition and ~~Result~~Results of Operations" delivered to holders of the Secured Senior Notes under Section 4.03 of the Secured Senior Notes Indenture for the applicable period~~, and (ii) a supplemental summary report for the operations of the Lodi Parties and Tres Palacios (in detail and form reasonably acceptable to the Administrative Agent) for the applicable period~~.

"Natural Gas" means any mixture of hydrocarbons or hydrocarbons and noncombustible gases, in a gaseous state, consisting primarily of methane.

"Natural Gas Storage Facility" means any Natural Gas storage facility now or hereafter owned, leased or utilized by any Loan Party and operated by a Loan Party, other than the NGPL Facility; provided that, for the avoidance of doubt, the Countess Facility and the Suffield Facility shall each be deemed to be a separate Natural Gas Storage Facility.

"Net BA Proceeds" means, with respect to any Bankers' Acceptance, the Discount Proceeds thereof less the amount equal to the stamping fee paid in respect thereto at the Applicable Rate as provided in Section 2.09(d).

"Net Income" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) ~~(1)~~ any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with: (a) any Disposition; or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries; and

(2) ~~(2)~~ any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss).

"Net Liquidating Value of Hedge Positions" means, as of any date of determination thereof, the value of all Hedge Positions at such time as determined based on a then current Mark-to-Market value net of margin paid or received.

"Net Liquidating Value of Hedge Positions in Brokers Accounts" means, as of any date of determination thereof, the aggregate of the cash posted to commodities futures accounts in which the Administrative Agent, for the benefit of the Secured Parties, has been granted an exclusive security interest and the trade equity in such commodities futures accounts as determined by the applicable brokers of such accounts.

"NGPL Facility" means the storage facilities owned or operated by Natural Gas Pipeline Company of America in respect of which the Loan Parties have rights to store Natural Gas pursuant to one or more contracts with Natural Gas Pipeline Company of America.

"Non-BA Lender" means a Canadian Revolver Lender that (a) is not a bank chartered under the Bank Act (Canada) or (b) has notified the Administrative Agent that it is unable to accept Bankers' Acceptances or does not customarily stamp, for purposes of subsequent sale, or accept, Bankers' Acceptances.

"Non-Ordinary Course Asset Disposition" means any Disposition other than in the ordinary course of business by one or more Loan Parties of inventory with a contribution to any Borrowing Base in excess of 25% of such Borrowing Base.

"Non-Ordinary Course Borrowing Base Certificate" means a Borrowing Base Report delivered in connection with a Non-Ordinary Course Asset Disposition pursuant to Section 7.06.

"Non-Recourse Debt" has the meaning given such term in the Secured Senior Notes Documents; provided that reference therein to an "Obligor" or a "Restricted Subsidiary" shall be deemed to be a reference to a "Loan Party" and a "Restricted Affiliate", respectively. For purposes of determining compliance with Section 7.01 and 7.03, in the event that any Non-Recourse Debt of any Loan Party's Unrestricted Affiliates ceases to be Non-Recourse Debt of such Unrestricted Affiliate, such event will be deemed to constitute an incurrence of Indebtedness by a Restricted Affiliate of such Loan Party.

"Non-US Lender" means any Lender that is organized under the Laws of a jurisdiction other than the United States. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Note" means a US Revolver Note, a Canadian Revolver Note, a US Swing Line Note or a Canadian Swing Line Note, as the context may require.

"Notes Pledge Agreement" means a limited Pledge Agreement executed and delivered by Swan Debt LP, BIP BIF II Swan AIV LP and Swan Finance LP in favor of the Secured Parties, substantially in the form of Exhibit F-5.

"Notice of Exclusive Control" has the meaning set forth in Section 6.15(b).

"NYMEX" means the New York Mercantile Exchange.

"Obligation Currency" has the meaning set forth in Section 2.12(f).

"Obligations" means all advances to, and debts, liabilities, obligations and covenants of, any Loan Party arising under any Loan Document with respect to any Loan or Letter of Credit, whether direct or indirect

(including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including without limitation, US Revolver Obligations, Canadian Revolver Obligations and interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"OFAC" has the meaning specified in Section 5.23.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-US jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any recipient, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Currency" has the meaning set forth in Section 2.12(f).

"Other Eligible Inventory Value" means the quantity of Inventory, other than Hedged Eligible Inventory (except Hedged Eligible Inventory that has been hedged for a term of more than 24 months), multiplied by the Prompt Market Price**.**

"Other Eligible Receivable" means any Eligible Receivable which is not an Approved Eligible Receivable.

"Other Priority Claims" means, without duplication, (a) any account payable, obligation or liability which the Administrative Agent has determined in its Permitted Discretion has or will have a Lien upon or claim against any Cash Equivalent, account or inventory of any Borrowing Base Party senior or equal in priority to the security interests in favor of the Administrative Agent for the benefit of the Secured Parties, in each case to the extent such Cash Equivalent, account or inventory of such Borrowing Base Party is otherwise included in the determination of the applicable Borrowing Base and the included portion thereof has not already been reduced by such Lien or claim; and (b) other Reserves.

"Other Taxes" means all present or future stamp or documentary intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than pursuant to an assignment request by a Borrower under Section 3.06 or pursuant to an assignment request by a Borrower under Section 10.12).

"Outstanding Amount" means (a) with respect to US Revolver Loans, US Swing Line Loans, Canadian Revolver Advances or Canadian Swing Line Loans, on any date, the Dollar Equivalent of the aggregate

outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of such Loans, as the case may be, occurring on such date; and (b) with respect to any L/C Obligations on any date, the Dollar Equivalent of the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements by the applicable Borrower of Unreimbursed Amounts.

"Parent Affiliates" has the meaning specified in the introductory paragraph hereto.

"Parent Guarantee" means a limited Guaranty executed and delivered by the Parent Affiliates in favor of the Secured Parties, substantially in the form of Exhibit C-3.

"Parent Pledge Agreement" means a limited Pledge Agreement executed and delivered by the Parent Affiliates in favor of the Secured Parties, substantially in the form of Exhibit F-4.

"Participant" has the meaning specified in Section 10.06(d).

"Participant Register" has the meaning specified in Section 10.06(d).

"PATRIOT Act" means The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law on October 26, 2001)), as amended or modified from time to time.

"Payment Conditions" means the following with respect to a specified transaction: (a) the Fixed Charge Coverage Ratio is at least 1.25 to 1.00 on a pro forma basis for the most recently completed four Fiscal Quarters measured at the end of such Fiscal Quarter, (b) Excess Liquidity after giving effect to such specified transaction as of the date of such transaction (and pro forma Excess Liquidity giving effect to such specified transaction would have been and would be, for each day in the period of 30 days immediately preceding and immediately following such specified transaction, respectively) in excess of the greater of (i) 25% of the ~~Aggregate Revolver Commitments~~Line Cap and (ii) $30,000,000 (and in the case of the period of 30 days immediately following such specified transaction, as reasonably determined by the Borrowers on the date of consummation of such transaction) and (c) there is no Default or Event of Default existing immediately before or immediately after such specified transaction. Concurrently with any specified transaction for which the Payment Conditions are required to be tested, the Borrowers shall deliver a certification by a Responsible Officer to demonstrating compliance with the Payment Conditions, together with supporting calculations.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Loan Party or any ERISA Affiliate or to which any Loan Party or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

"Permits and Authorizations" means all permits, licenses, approvals, certificates, entitlements, exemptions and other authorizations issued by Governmental Authorities, including those required under Environmental Laws, certificates of occupancy, those permits required in connection with the ownership and operation of the Loan Parties~~'~~' respective businesses (including all Natural Gas Storage Facilities

and applicable pipelines), and all amendments, modifications, consolidations, replacements, supplements, general and specific terms and conditions and addenda thereto.

"Permitted Business" means either (1) purchasing, gathering, transporting, marketing, selling, distributing, storing or otherwise handling or providing services relating to Hydrocarbons or activities or services reasonably related or ancillary thereto, including entering into Hedging Obligations to support these businesses or (2) or any other activity consistent with the Risk Management Policy.

"Permitted Discretion" means a determination made in good faith and in the exercise of commercially reasonable business judgment.

"Permitted Natural Gas Lien" means any Lien on Natural Gas of the type described in Section 7.01(c) (so long as such Lien is inchoate), Section 7.01(d), Section 7.01(t) and Section 7.01(x).

"Permitted Refinancing" means, with respect to any Person, any modification, refinancing, refunding, renewal or extension of any Indebtedness of such Person; provided that (a) the principal amount (or accreted value, if applicable) thereof does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so modified, refinanced, refunded, renewed or extended except by an amount equal to unpaid accrued interest and premium thereon plus other amounts paid, and fees and expenses incurred, in connection with such modification, refinancing, refunding, renewal or extension, (b) Indebtedness resulting from such modification, refinancing, refunding, renewal or extension has a final maturity date equal to or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being modified, refinanced, refunded, renewed or extended, (c) if the Indebtedness being modified, refinanced, refunded, renewed or extended is (i) subordinated in right of payment to the Obligations, the Indebtedness resulting from such modification, refinancing, refunding, renewal or extension is subordinated in right of payment to the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended, (ii) secured by a lien on the Collateral junior to the lien thereon securing the Obligations, the liens securing such Indebtedness resulting from such modification, refinancing, refunding, renewal or extension is junior and subordinated to the lien securing the Obligations on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being modified, refinanced, refunded, renewed or extended, or (iii) unsecured, such Indebtedness resulting from such modification, refinancing, refunding, renewal or extension is unsecured, (d) immediately after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, and (e) (i) the terms and conditions (excluding as to subordination, interest rate (including whether such interest is payable in cash or in kind), rate floors, fees, discounts and premiums) of Indebtedness resulting from such modification, refinancing, refunding, renewal or extension are, taken as a whole, are not materially more favorable to the investors providing such Indebtedness than the terms and conditions of the Indebtedness being modified, refinanced, refunded, renewed or extended (except for covenants or other provisions applicable to periods after the Revolver Maturity Date at the time such Indebtedness is incurred); provided that a certificate of a Responsible Officer delivered to the Administrative Agent at least ten Business Days prior to such modification, refinancing, refunding, renewal or extension, together with a reasonably detailed description of the material terms and conditions of such resulting Indebtedness or drafts of the documentation relating thereto, stating that the US Borrower has reasonably determined in good faith that such terms and conditions satisfy the foregoing requirement, shall be conclusive evidence that such terms and conditions satisfy the foregoing requirement unless the Administrative Agent notifies the US Borrower within such ten Business Day period that it disagrees with such determination (including a reasonable description of the basis upon which it disagrees) and (ii) the primary obligor in respect of, and/or the Persons (if any) that guarantee the Indebtedness resulting from such modification, refinancing, refunding, renewal or extension are the

primary obligor in respect of, and/or Persons (if any) that guaranteed the Indebtedness being modified, refinanced, refunded, renewed or extended. For the avoidance of doubt, it is understood and agreed that a Permitted Refinancing includes successive Permitted Refinancings of the same Indebtedness.

"Person" means any natural person, corporation (including an unlimited liability corporation), limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by any Borrower, or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

"Platform" means IntraLinks or another similar electronic system on which information provided by the Loan Parties is made available to the Lenders by the Administrative Agent.

"Pledge Agreements" means the US Pledge Agreement, the Canadian Security Agreement, the Parent Pledge Agreement, the Notes Pledge Agreement, the Last-Out Loans Pledge Agreement and each other pledge agreement executed and delivered by a Loan Party in favor of the Administrative Agent.

"Pledged Debt" means (i) the Instruments and Chattel Paper described in Section 3.2(j) of the US Security Agreement, (ii) the Instruments and Chattel Paper described in Section 7(k) of the Canadian Security, (iii) the Subordinated Notes and (iv) the promissory note dated as of the Closing Date evidencing the Last-Out Loans.

"Pledged Equity" means (i) the Pledged Shares (as defined in the US Pledge Agreement), (ii) the Pledged Certificated Securities (as defined in the Canadian Security Agreement) and (iii) the Pledged Equity (as defined in the Parent Pledge Agreement)~~.~~; provided that the equity interests issued by Tres Palacios Holdings LLC and BIF II Tres Palacios Storage (Delaware) LLC shall not constitute Pledged Equity.

"Position" means (a) any physically owned Natural Gas constituting inventory, (b) any obligation to purchase or sell Natural Gas constituting inventory, however evidenced, whether for the then current or forward time, (c) any exchange or over-the-counter put, call or other options or any forward or futures contract relating to Natural Gas that constitutes inventory, (d) any type of Swap Contract relating to Natural Gas constituting inventory and (e) any other arrangement relating to Natural Gas constituting inventory that has price or spread risk.

"PPSA" means the Personal Property Security Act (Alberta), and all other personal property security legislation in any province of Canada which expression, in each case, shall include the orders and regulations issued thereunder.

"Prompt Market Price" means the market price of the front month at each appropriate pricing location. For purpose of calculating the foregoing, the prompt month price shall be the NYMEX prompt month price plus the prompt location basis at the applicable Natural Gas Storage Facility as set forth below:

Natural Gas Storage Facility	Location Basis
AECO (Countess and Suffield) Facility	AECO C Basis
Salt Plains Facility	Panhandle Basis
Wild Goose Facility	PG&E Citigate Basis
NGPL (TexOk) Leased Storage Facility	NGPL TXOK Basis

NGPL (Mid Con) Leased Storage Facility	NGPL Midcon Basis
Lodi Facility	PG&E Citigate Basis

"Public Lender" has the meaning set forth in Section 6.02.

"PUC Collateral" means any Collateral (including assets, equipment, facilities, gas, contractual or other rights) that is subject to the jurisdiction of the CPUC.

"Register" has the meaning set forth in Section 10.06(c).

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, trustees, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Release" means any release, seepage, spill, emission, leak, escape, pumping, injection, deposit, disposal, discharge, dispersal, leaching, dumping or migration into the environment, including the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or sub-surface strata.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"Request for Credit Extension" means (a) with respect to a Borrowing, conversion or continuation of Revolver Loans, a Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

"Required Lenders" means, as of any date of determination, Lenders holding more than 50% of the sum of (a) the aggregate Outstanding Amount of all Loans and all L/C Obligations as of such date (with the aggregate amount of each Revolver Lender's risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed "held" by such Revolver Lender for purposes of this definition) and (b) the aggregate unused Revolver Commitments; provided that the unused Revolver Commitment of, and the portion of the Outstanding Amount of any Loan or L/C Obligation held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders unless such Defaulting Lender is otherwise permitted to vote any proposed amendment pursuant to the penultimate sentence of Section 10.01.

"Reserves" means, without duplication of any items that are otherwise addressed or excluded through eligibility criteria, such reserves as the Administrative Agent from time to time and upon not less than five Business Days' notice to the Borrowers (unless an Event of Default exists and is continuing) determines in its Permitted Discretion as being appropriate (x) to reflect any impediments arising after the Closing Date to the Administrative Agent's ability to realize upon the Collateral included in any Borrowing Base, (y) to reflect claims and liabilities that the Administrative Agent determines will need to be satisfied in connection with the realization of the realization upon the Collateral included in any Borrowing Base or (z) to reflect certain criteria, events, conditions, contingencies or risks which adversely affect any component of the applicable Borrowing Base; provided, that any reserve shall bear a reasonable relationship as determined by the Administrative Agent in its Permitted Discretion to the event, condition or other matter that is the basis for the reserve; and provided, further, that the following reserves shall be deemed to be a reasonable exercise of the Administrative Agent's Permitted Discretion: (a) a reserve for accrued, unpaid interest then due on the Obligations, (b) reserves for rent at a leased Natural Gas Storage Facility, Third-Party Location or other bailment location for which the Administrative Agent has not received a collateral access or similar agreement reasonably satisfactory to

the Administrative Agent, and reserves for other statutory liens (including, without limitation, for liens arising from the non-payment of claims or demands, when due), in an aggregate amount not to exceed 3 months' rent and other charges payable with respect to any such location (as such amount shall be reduced as agreed to by the Borrowers and the Administrative Agent upon obtaining any such collateral access or similar agreement), (c) reserves for taxes, assessments, charges and other governmental levies which are delinquent, (d) $2,000 per Canadian employee, and (e(e) reserves in respect of accounts payable of the Borrowing Base Parties under binding purchase contracts to purchase inventories of Natural Gas referred to in the first proviso to the definition of Eligible Inventory and (f) additionally, reserves established by the Administrative Agent for amounts payable by each of the Borrowers and secured by any Liens, choate or inchoate, on assets which comprise the applicable Borrowing Base and that rank and that could reasonably be expected to rank in priority to the Administrative Agent's and/or Lenders' Liens (including, without limitation relating to the Wage Earner Protection Program Act (Canada) pursuant to the Bankruptcy and Insolvency Act (Canada) or the Companies' Creditors Arrangement Act (Canada)) and/or for amounts that represent costs relating to the enforcement of the Administrative Agent's Liens.

"Responsible Officer" means with respect to any Loan Party, the chief executive officer, president, a vice president, chief financial officer, treasurer or assistant treasurer of such Loan Party (or, if such Loan Party is managed by a third party, such as a general partner, manager or managing member, the persons performing comparable roles). Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party (a) shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party (or, if such Loan Party is a general partnership, on the part of such Loan Party's general partner), (b) such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party (or, if such Loan Party is a limited partnership, on behalf of such Loan Party's general partner) and (c) such Responsible Officer shall be conclusively presumed to have acted in his or her capacity as an officer of such Loan Party (or, if such Loan Party is limited partnership, as an officer of such Loan Party's general partner), and not in his or her individual capacity.

"Restricted Affiliates" means the Lodi Parties, Tres Palacios Parties and all Subsidiaries of the Parent Affiliates (other than the Borrowers)-; *provided* (a) that, upon any Tres Palacios Disposition, any Tres Palacios Party subject to such Disposition shall not be a Restricted Affiliate, and (b) upon the designation of any Tres Palacios Party as an Unrestricted Subsidiary, any Tres Palacios Party subject to such designation shall not be a Restricted Affiliate.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of any Loan Party or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to any Loan Party's or any Subsidiary's stockholders, partners or members (or the equivalent of any thereof).

"Revaluation Date" means (a) with respect to any Canadian Revolver Advance, (i) each date of a Canadian Revolver Borrowing and (ii) such additional dates as any Agent shall determine or the Required Canadian Revolver Lenders shall require; and (b) with respect to any Canadian Letter of Credit, (i) each date of issuance of a Canadian Letter of Credit, (ii) each date of an amendment to a Canadian Letter of Credit having the effect of increasing the amount thereof (solely with respect to the increased amount), (iii) each date of any payment by the Canadian L/C Issuer under any Canadian Letter of Credit and (iv) such additional dates as any Agent or the Canadian L/C Issuer shall determine or the Required Canadian Revolver Lenders shall require.

"Revolver Commitment" means a US Revolver Commitment or a Canadian Revolver Commitment.

"Revolver Exposure" means, as to any Revolver Lender, such Revolver Lender~~'~~'s US Revolver Exposure and Canadian Revolver Exposure.

"Revolver Lender" means a US Revolver Lender or a Canadian Revolver Lender.

"Revolver Loans" means the US Revolver Loans and the Canadian Revolver Loans.

"Revolver Maturity Date" means ~~the earliest of (i) the third anniversary of the Closing Date, (ii) the then applicable final maturity date under the Term Loan Credit Agreement and (iii) 90 days prior to the maturity date under the Senior Notes.~~December 17, 2021.

"Risk Management Policy" means the Risk Management Policy, which has been adopted by the Loan Parties on or prior to the Closing Date, as such policy may be amended, supplemented or otherwise modified from time to time by the Loan Parties to the extent consistent with customary industry practice and, in all cases, reasonably satisfactory to the Administrative Agent.

"S&P" means Standard & Poor~~'~~'s Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

"Salt Plains Facility" means the natural gas storage facility located in Grant County, Oklahoma and having, as of the Closing Date, one storage reservoir with a total capacity of approximately 13 Bcf, and associated compressors, compressor sites, pipeline headers, pipelines and other related equipment and buildings.

"Sanctions" has the meaning set forth in Section 5.23(a).

"Schedule I BA Reference Banks" means, at any time, the Lenders listed in Schedule I to the Bank Act (Canada) as are, at such time, designated by the Administrative Agent, with the prior consent of the Canadian Borrower (acting reasonably), as the Schedule I BA Reference Banks.

"Schedule II BA Reference Banks" means, at any time, the Lenders listed in Schedule II to the Bank Act (Canada) as are, at such time, designated by the Administrative Agent, with the prior consent of the Canadian Borrower (acting reasonably), as the Schedule II BA Reference Banks.

"Schedule III BA Reference Banks" means, at any time, the Lenders listed in Schedule III to the Bank Act (Canada) as are, at such time, designated by the Administrative Agent, with the prior consent of the Canadian Borrower (acting reasonably), as the Schedule III BA Reference Banks.

"Secured Cash Management Agreement" means any Cash Management Agreement that is entered into by and between any Borrower and any Cash Management Bank.

"Secured Cash Management Obligations" means all amounts owing under Secured Cash Management Agreements.

"Secured Obligations" means the Obligations and the Secured Cash Management Obligations.

"Secured Parties" means the Administrative Agent, the Collateral Agent, each Lender, each L/C Issuer, each Cash Management Bank party to a Secured Cash Management Agreement and each other Person to which any of the Secured Obligations is owed.

"Secured Senior Notes" means the 7.000% senior secured notes due 2023 with an original principal amount of $400,000,000 issued by Rockpoint Gas Storage Canada Ltd.

"Secured Senior Notes Documents" means, collectively, the Secured Senior Notes Indenture, any supplemental indentures relating thereto, the Secured Senior Notes and any other agreement or document related thereto.

"Secured Senior Notes Trustee" means The Bank of New York Mellon.

"Secured Senior Notes Indenture" means the Indenture dated February 14, 2018 (as the same may be amended, amended and restated, supplemented or modified from time to time).

"Security Agreements" means the US Security Agreement, the Canadian Security Agreement and each other security agreement entered into by any Loan Party and the Administrative Agent to secure the payment of any part of the Secured Obligations or the performance of any Loan Party~~'~~'s other duties and obligations under the Loan Documents.

"Security Documents" means the Security Agreements, the Canadian IP Security Agreement, the Pledge Agreements, the Mortgages, the Canadian Debentures and all other security agreements, deeds of trust, mortgages, chattel mortgages, pledges, financing statements, continuation statements, extension agreements and other agreements or instruments now, heretofore or hereafter delivered by any Loan Party to the Administrative Agent in connection with this Agreement or any transaction contemplated hereby to secure the payment of any part of the Secured Obligations or the performance of any Loan Party~~'~~'s other obligations under the Loan Documents.

"Senior Notes" means the 6.50% senior unsecured notes due 2019 with an original principal amount of $575,000,000 ~~(of which $216,859,952.56 remains outstanding as of the Closing Date)~~ issued by Niska Gas Storage Finance Corp. and Niska Gas Storage Ltd. (formerly known as Niska Gas Storage Canada ULC)~~.~~, which have been satisfied and discharged as of the Amendment No. 2 Effective Date.

"Senior Notes Documents" means, collectively, the Senior Notes Indenture, any supplemental indentures relating thereto, the Senior Notes and any other agreement or document related thereto~~.~~, which have been satisfied and discharged as of the Amendment No. 2 Effective Date.

"Senior Notes Indenture" means the Indenture dated March 17, 2014 (as the same may be amended, amended and restated, supplemented or modified from time to time)~~.~~, which has been satisfied and discharged as of the Amendment No. 2 Effective Date.

"Settlement Date" means the 25th of every month; provided, however, that in the circumstance when the 25th of a month is not a Business Day, the Settlement Date shall be the Business Day before or after such date as determined by the applicable Borrower.

"Solvent" and "Solvency" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person~~'~~'s ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person~~'~~'s property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the

light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Sponsor" means Brookfield Asset Management, Inc. and any of its Affiliates.

"Spot Rate" means, on any day, the rate at which Canadian Dollars may be exchanged into Dollars as determined by the Administrative Agent, using~~, prior to March 1, 2017, the noon rate of exchange for Canadian interbank transactions quoted by the Bank of Canada on such date (or, if not so quoted, the noon rate of exchange for such conversion quoted by the Bank of Canada on the Business Day immediately preceding such date) and, on and after March 1, 2017,~~ the average rate of exchange for interbank transactions quoted by the Bank of Canada at approximately the close of business on such date (or, if not so quoted, the average rate of exchange for interbank transactions quoted by the Bank of Canada at approximately the close of business on the Business Day immediately preceding such date); provided that, if either such noon rate or average rate is for any reason unavailable, it shall mean the spot rate of exchange for wholesale transactions quoted by the Administrative Agent at approximately noon (Toronto time) on such date in accordance with its usual practice.

"Storage Services Agreements" means any agreement between any Loan Party and any third party relating to the storage, injection, withdrawal, delivery or other service relating to Natural Gas, including, without limitation, any long term firm or short term firm contracts.

~~"Subordinated Debt" means Indebtedness that constitutes Indebtedness expressly subordinated in right of payment to the Obligations (other than intercompany Indebtedness) on terms and pursuant to agreements reasonably acceptable and satisfactory to the Administrative Agent. For the avoidance of doubt, the Subordinated Notes and the Last Out Loans constitute Subordinated Debt under this Agreement.~~

"Subordinated Canco Guaranty" means the Guaranty Agreement, date September 30, 2016, among the US Borrower, certain subsidiaries of the US Borrower and Swan Debt LP and BIP BIF II Swan AIV LP in respect of the Subordinated Canco Note.

"Subordinated Canco Note" means the promissory note in original principal amount of $355,774,000, dated September 30, 2016, between Rockpoint Gas Storage Canada Ltd. (formerly Niska Gas Storage Ltd.~~ and~~) and Rockpoint Gas Storage Canada Finance Corp. (formerly Niska Gas Storage Canada Finance Corp.), as makers, and Swan Debt LP and BIP BIF II Swan AIV LP, as holders.

"Subordinated Debt" means Indebtedness that constitutes Indebtedness expressly subordinated in right of payment to the Obligations (other than intercompany Indebtedness) on terms and pursuant to agreements reasonably acceptable and satisfactory to the Administrative Agent. For the avoidance of doubt, the Subordinated Notes, the Dutch Notes and the Last-Out Loans constitute Subordinated Debt under this Agreement.

"Subordinated Notes" means (i) the Subordinated Canco Note and (ii) Subordinated Parent Note.

"Subordinated Notes Acknowledgment" means the Subordination Notes Acknowledgement, dated as of the Closing Date, among the US Borrower, Rockpoint Gas Storage Canada Ltd. (formerly Niska Gas Storage Ltd.~~,~~), Rockpoint Gas Storage Canada Finance Corp. (formerly Niska Gas Storage Canada Finance Corp.), Swan Debt LP, BIP BIF II Swan AIV LP and Swan Finance LP.

"Subordinated Notes Agreement" means the Subordination and Postponement Agreement, dated September 30, 2016, among the US Borrower, Rockpoint Gas Storage Canada Ltd. (formerly Niska Gas

Storage Ltd.~~,~~), Rockpoint Gas Storage Canada Finance Corp. (formerly Niska Gas Storage Canada Finance Corp.), Swan Debt LP, BIP BIF II Swan AIV LP and Swan Finance LP.

"Subordinated Notes Documents" means the Subordinated Notes, the Subordinated Notes Agreement, the Subordinated Notes Guarantees, the Subordinated Notes Exchange Agreement, the Subordinated Notes Acknowledgment and any other agreement or document related to the foregoing.

"Subordinated Notes Exchange Agreement" means the Exchange Agreement, dated as of September 30, 2016, among the US Borrower, Rockpoint Gas Storage Canada Ltd. (formerly Niska Gas Storage Ltd.~~and~~) and Rockpoint Gas Storage Canada Finance Corp. (formerly Niska Gas Storage Canada Finance Corp.), Swan Debt LP, BIP BIF II Swan AIV LP and Swan Finance LP.

"Subordinated Notes Guarantees" means the Subordinated Parent Note Guaranty and the Subordinated Canco Note Guaranty.

"Subordinated Parent Note" means the promissory note in original principal amount of $49,303,567.78, dated September 30, 2016, between the US Borrower as maker, and Swan Finance LP, as holder.

"Subordinated Parent Note Guaranty" means the Guaranty Agreement, date September 30, 2016, between certain subsidiaries of the US Borrower and Swan Finance LP in respect of the Subordinated Parent Note.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the US Borrower.

"Suffield Facility" means the natural gas storage facility located in southeastern Alberta, Canada near the CFB Suffield military range and having, as of the Closing Date, five storage reservoirs with a total capacity of approximately 83.5 Bcf, and associated compressors, compressor sites, pipeline headers, pipelines and other related equipment and buildings.

"Supermajority Lenders" means, as of any date of determination, Lenders holding more than 66⅔% of the sum of (a) the aggregate Outstanding Amount of all Loans and all L/C Obligations as of such date (with the aggregate amount of each Revolver Lender's risk participation and funded participation in L/C Obligations and Swing Line Loans being deemed "held" by such Revolver Lender for purposes of this definition) and (b) the aggregate unused Revolver Commitments; provided that the unused Revolver Commitment of, and the portion of the Outstanding Amount of any Loan or L/C Obligation held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Supermajority Lenders unless such Defaulting Lender is otherwise permitted to vote any proposed amendment pursuant to the penultimate sentence of Section 10.01.

"Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, commodity futures contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or

any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any international foreign exchange master agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the Mark-to-Market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

"Swing Line Borrowing" means a US Swing Line Borrowing or a Canadian Swing Line Borrowing.

"Swing Line Lender" means the US Swing Line Lender or the Canadian Swing Line Lender.

"Swing Line Loan" means a US Swing Line Loan or a Canadian Swing Line Loan.

"Swing Line Loan Notice" means a notice of a Swing Line Borrowing pursuant to Section 2.04(b), which, if in writing, shall be substantially in the form of Exhibit E-2.

"Synthetic Lease Obligation" means the monetary obligation of a Person under a so-called synthetic, off-balance sheet or tax retention lease.

"Tax Returns" has the meaning set forth in Section 5.11(a).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax, including Canada Pension Plan, Quebec Pension Plan, Canadian Pension Plan and provincial pension plan contributions, unemployment insurance payments and workers~~'~~' compensation premiums, in each case together with any installments or estimated payments with respect thereto, and any interest, additions to tax and penalties with respect thereto.

"Term Administrative Agent" shall mean Bank of Montreal in its capacity as administrative agent and collateral agent under the Term Loan Credit Agreement.

"Term Loan Credit Agreement" means the credit agreement, dated as of the Closing Date, among the Borrowers, the Parent Affiliates, Bank of Montreal, as the administrative agent and collateral agent, and the lenders party thereto, which is no longer in effect as of the Amendment No. 2 Effective Date.

"Term Loan Documents" means the Loan Documents, as defined in the Term Loan Credit Agreement on the ~~date hereof.~~Closing Date, which are no longer in effect as of the Amendment No. 2 Effective Date.

~~"Term Obligations" means the Obligations, as defined in the Term Loan Credit Agreement on the date hereof.~~

~~"Term US Guaranty" means the US Guaranty, as defined in the Term Loan Credit Agreement on the date hereof.~~

~~"Term US Security Agreement" means the US Security Agreement as defined in the Term Loan Credit Agreement on the date hereof.~~

"Third-Party Location" means any Natural Gas storage facility that is neither owned nor leased nor licensed by a Borrowing Base Party, including the NGPL Facility.

"Threshold Amount" means $25,000,000.

"Total Canadian Revolver Exposure" means at any time, the sum of (a) the Dollar Equivalent of the aggregate outstanding principal amount of all Canadian Revolver Lenders~~'~~' Canadian Revolver Advances at such time plus (b) the Total Canadian Revolver L/C Exposure at such time plus (c) the Dollar Equivalent of the aggregate outstanding principal amount of all Canadian Swing Line Loans at such time.

"Total Canadian Revolver L/C Exposure" means, at any time, the Dollar Equivalent of the aggregate amount of all Canadian L/C Obligations at such time.

"Total Revolver Exposure" means the sum of the Total Canadian Revolver Exposure and the Total US Revolver Exposure.

"Total US Revolver Exposure" means at any time, the sum of (a) the aggregate outstanding principal amount of all US Revolver Loans at such time plus (b) the Total US Revolver L/C Exposure at such time plus (c) the aggregate outstanding principal amount of all US Swing Line Loans at such time.

"Total US Revolver L/C Exposure" means, at any time, the aggregate amount of all US L/C Obligations at such time.

"Transaction Costs" has the meaning assigned to such term in the definition of "Transactions".

"Transactions" means as of the Closing Date (a) the entry into, negotiation and effectiveness of this Agreement, the other Loan Documents, the Term Loan Documents, the Last-~~Out~~Out Loan Documents and, in each case, all documents related thereto, (b) the consummation of the Debt Refinancing, (c) the consummation of any other transactions in connection with any of the foregoing, and (d) the payment of reasonable and documented or invoiced fees and expenses incurred in connection with any of the foregoing (such fees and expenses, the "Transaction Costs").

"Tres Palacios Disposition" means ~~BIF II Tres Palacios Aggregator (Delaware) LLC.~~, with respect to any Tres Palacios Entity, the Disposition of the equity, or all or substantially all of the assets of, such Tres Palacios Entity.

"Tres Palacios Entities" means BIF II Tres Palacios Aggregator (Delaware) LLC, Tres Palacios Holdings LLC and their Subsidiaries, collectively.

"Tres Palacios Parties" means BIF II Tres Palacios Aggregator (Delaware) LLC, BIF II Tres Palacios Storage (Delaware) LLC and BIF II Tres Palacios Storage Sub (Delaware) LLC.

"Type", means (a) when used in reference to any US Revolver Loan or any portion thereof, refers to its character as a Base Rate Loan or a Eurodollar Rate Loan, and (b) when used in reference to any Canadian Revolver Advance or any portion thereof, refers to its character as a Canadian Prime Rate Loan, a Canadian US Dollar Base Rate Loan, a Eurodollar Rate Loan or a Bankers' Acceptance.

"UCC" means the Uniform Commercial Code as in effect in the State of New York.

"UCP" has the meaning set forth in Section 2.03(h).

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." mean the United States of America.

"Unreimbursed Amount" has the meaning specified in Section 2.03(c)(i).

"Unrestricted Subsidiary" has the meaning given such term in the Secured Senior Notes Documents.

"Unsupported Amount" means on any date of determination, an amount (not less than zero) equal to the difference between (a) the Total Revolver Exposure in respect of L/C Obligations and Swingline Loans and (b) the amount equal to (i) the aggregate Revolver Commitments of the Revolver Lenders which are not Defaulting Lenders minus (ii) the aggregate amount of outstanding Revolver Loans of such Lenders.

"US Borrower" has the meaning specified in the introductory paragraph hereto.

"US Borrowing Base" means, at any time, the sum of the following:

(a) 100% of the US Borrowing Base Parties' Eligible Cash Equivalents at such time; provided that the amount calculated pursuant to this clause (a), when combined with the amount calculated pursuant to clause (a) of the definition of "Canadian Borrowing Base", shall not exceed the Eligible Cash Cap; plus

(b) 90% of the US Borrowing Base Parties' Approved Eligible Receivables at such time; plus

(c) 85% of the US Borrowing Base Parties' Other Eligible Receivables at such time; plus

(d) 80% of the Net Liquidating Value of Hedge Positions in Brokers Accounts of the US Borrowing Base Parties at such time; plus

(e) 90% of the value of the US Borrowing Base Parties' Hedged Eligible Inventory hedged for a term of less than six months at such time; plus

(f) 85% of the value of the US Borrowing Base Parties' Hedged Eligible Inventory hedged for a term of greater than or equal to six months and less than 12 months at such time; plus

(g) 80% of the value of the US Borrowing Base Parties' Hedged Eligible Inventory hedged for a term of greater than or equal to 12 months and less than 18 months at such time; plus

(h) 70% of the value of the US Borrowing Base Parties' Hedged Eligible Inventory hedged for a term of greater than or equal to 18 months and less than 24 months at such time; plus

(i) 60% of the Other Eligible Inventory Value of the US Borrowing Base Parties at such time; plus

(j) 80% of the Issued but Unused Letter of Credit Value in respect of Letters of Credit issued to support mark to market trading obligations for the account of or on behalf of the US Borrowing Base Parties at such time; plus

(k) (i) to the extent that the Net Liquidating Value of Hedge Positions of the US Borrowing Base Parties at such time is positive, 85% of such Net Liquidating Value of Hedge Positions at such time reduced by (ii) to the extent that the Net Liquidating Value of Hedge Positions of the US Borrowing Base Parties at such time is negative, 115% of such Net Liquidating Value of Hedge Positions at such time; minus

(l) 100% of the US Borrowing Base Parties' Other Priority Claims and any other Reserves at such time.

"US Borrowing Base Parties" means the US Borrower and each other US Loan Party that is party to the US Security Agreement as a "Grantor" thereunder; provided that on and after December 1, 2018, neither Lodi Gas Storage, L.L.C. nor Wild Goose Storage LLC shall be, or shall be deemed to be, a US Borrowing Base Party (and no Collateral of Lodi Gas Storage, L.L.C. or Wild Goose Storage LLC shall be included in the US Borrowing Base) unless and until all necessary regulatory approvals from the CPUC and the Guarantees and security interests contemplated by Section 6.17(b) have been obtained, provided and granted with respect to such entity, respectively, on terms reasonably satisfactory to the Administrative Agent by such date.

"US Borrowing Base Report" has the meaning specified in Section 6.02(f)(i).

"US Guaranty" means a Guaranty executed and delivered by the US Loan Parties in favor of the Secured Parties, substantially in the form of Exhibit C-1.

"US L/C Borrowing" means an extension of credit resulting from a drawing under any US Letter of Credit which has not been reimbursed on the date when made or refinanced as a US Revolver Borrowing.

"US L/C Issuer" means (a) Royal Bank of Canada in its capacity as issuer of US Letters of Credit hereunder, or any successor or permitted assigns as issuer of US Letters of Credit hereunder and (b) with respect to the Existing Letters of Credit, Royal Bank of Canada. The commitment of each US L/C Issuer identified in clause (a) above shall be as set forth on Schedule A-1, as amended from time to time.

"US L/C Obligations" means L/C Obligations in respect of US Letters of Credit, which amount shall not exceed $75,000,000 minus the outstanding aggregate amount of all Canadian L/C Obligations at such time.

"US Letter of Credit" means any letter of credit issued by the US L/C Issuer hereunder upon the application of the US Borrower. A US Letter of Credit may be a commercial letter of credit or a standby letter of credit.

"US Letter of Credit Fee" has the meaning set forth in Section 2.09(a).

"US Loan Parties" means the US Borrower, the Lodi Parties, BIF II Tres Palacios Aggregator (Delaware) LLC and each other Subsidiary of the Parent Affiliates that (a) is organized under the laws of any jurisdiction of the United States and (b) is or is required to be a party to any Loan Document.; provided (a) that, upon the Disposition of all of the Equity Interests of BIF II Tres Palacios Aggregator (Delaware) LLC, BIF II Tres Palacios Aggregator (Delaware) LLC shall not be a US Loan Party, and (b) upon the designation of BIF II Tres Palacios Aggregator (Delaware) LLC as an Unrestricted Subsidiary, BIF II Tres Palacios Aggregator (Delaware) LLC shall not be a US Loan Party.

"US Pledge Agreement" means a Pledge Agreement executed and delivered by the US Loan Parties, the Canadian Borrower, Rockpoint Canada GP ULC (formerly Niska Canada GP ULC) and Rockpoint Gas Storage Canada Ltd. (formerly Niska Gas Storage Ltd.) in favor of the Collateral Agent, for the benefit of the Secured Parties, substantially in the form of Exhibit F-3.

"US Revolver Adjustment" has the meaning set forth in Section 2.23(a).

"US Revolver Adjustment Date" has the meaning set forth in Section 2.23(a).

"US Revolver Availability Period" means the period from and including the Closing Date to the earliest of (a) the Revolver Maturity Date, (b) the date of termination of all US Revolver Commitments pursuant to Section 2.06 and (c) the date of termination of the commitment of each US Revolver Lender to make US Revolver Loans pursuant to Section 8.02.

"US Revolver Borrowing" means a borrowing or continuation or conversion of loans consisting of simultaneous US Revolver Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by the Lenders pursuant to Section 2.02(a).

"US Revolver Commitment" means, as to each US Revolver Lender, its obligation to (a) make US Revolver Loans to the US Borrower pursuant to Section 2.01(a), (b) acquire participations in US Letters of Credit and (c) acquire participations in US Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth as its "US Revolver Commitment" opposite such Lender's name on Annex A-1 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"US Revolver Exposure" means, with respect to any US Revolver Lender at any time, the sum of (a) the outstanding principal amount of such Lender's US Revolver Loans at such time plus (b) such Lender's US Revolver L/C Exposure at such time plus (c) such Lender's US Revolver Percentage of the outstanding principal amount of all US Swing Line Loans at such time.

"US Revolver Facility" means, at any time, the aggregate amount of the US Revolver Lenders' US Revolver Commitments at such time.

"US Revolver L/C Exposure" means, with respect to any US Revolver Lender at any time, such Lender's US Revolver Percentage of the Total US Revolver L/C Exposure at such time.

"US Revolver Lender" means, at any time, any Lender that has a US Revolver Commitment at such time or, if the US Revolver Commitments have terminated or expired, a Lender with US Revolver Exposure and, as the context requires, includes the US L/C Issuer.

"US Revolver Loan" has the meaning set forth in Section 2.01(a).

"US Revolver Maximum Available Amount" means, at any date, an amount equal to the lesser of (a) the Aggregate US Revolver Commitments as of such date and (b) the US Borrowing Base on such date (as determined by reference to the US Borrowing Base Report most recently delivered pursuant to Section 6.02(f)(i)).

"US Revolver Note" means a promissory note made by the US Borrower in favor of a US Revolver Lender evidencing the US Revolver Loans made by such Lender, substantially in the form of Exhibit B-1.

"US Revolver Obligations" means all indebtedness, liabilities and obligations from time to time owing by any Loan Party to any US Revolver Lender or the US Swing Line Lender under or pursuant to any Loan Document with respect to any US Revolver Loan, US Letter of Credit or US Swing Line Loan, or under or pursuant to any guaranty of such indebtedness, liabilities or obligations, or under or pursuant to any Security Document which secures the payment and performance of such indebtedness, liabilities and obligations, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. "US Revolver Obligation" means any part of the US Revolver Obligations.

"US Revolver Percentage" means, with respect to any US Revolver Lender at any time, the percentage (carried out to the ninth decimal place) of the Aggregate US Revolver Commitments represented by such Lender~~'~~'s US Revolver Commitment at such time. If the commitment of each US Revolver Lender to make US Revolver Loans has been terminated pursuant to Section 8.02 or if the Aggregate US Revolver Commitments have expired, then the US Revolver Percentage of each US Revolver Lender shall be determined based on the US Revolver Percentage of such Lender most recently in effect, giving effect to any subsequent assignments. The initial US Revolver Percentage of each US Revolver Lender is set forth as its "US Revolver Percentage" opposite the name of such Lender on Annex A-1 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

"US Revolver Required Lenders" means, as of any date of determination, US Revolver Lenders holding more than 50% of the sum of (a) the Total US Revolver Exposure (with the aggregate amount of each US Revolver Lender~~'~~'s risk participation and funded participation in US L/C Obligations and US Swing Line Loans being deemed "held" by such US Revolver Lender for purposes of this definition) as of such date and (b) the aggregate unused US Revolver Commitments as of such date; provided that the unused US Revolver Commitment of, and the portion of the Total US Revolver Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of US Revolver Required Lenders.

"US Revolver Supermajority Lenders" means, as of any date of determination, US Revolver Lenders holding more than 66 ⅔% of the sum of (a) the Total US Revolver Exposure (with the aggregate amount of each US Revolver Lender's risk participation and funded participation in US L/C Obligations and US Swing Line Loans being deemed "held" by such US Revolver Lender for purposes of this definition) as of such date and (b) the aggregate unused US Revolver Commitments as of such date; provided that the unused US Revolver Commitment of, and the portion of the Total US Revolver Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of US Revolver Supermajority Lenders.

"US Security Agreement" means a Security Agreement executed and delivered by the US Loan Parties in favor of Collateral Agent, for the benefit of the Secured Parties, substantially in the form of Exhibit F-1.

"US Swing Line Borrowing" means a borrowing of a US Swing Line Loan pursuant to Section 2.04.

"US Swing Line Lender" means the US Revolver Lender which is the provider of US Swing Line Loans (which as of the Closing Date is The Bank of Nova Scotia), or any successor US swing line lender hereunder.

"US Swing Line Loan" has the meaning set forth in Section 2.04(a)(i).

"US Swing Line Note" means a promissory note made by the US Borrower in favor of the US Swing Line Lender evidencing the US Swing Line Loans made by such Swing Line Lender, substantially in the form of Exhibit B-3.

"US Swing Line Sublimit" means an amount equal to the lesser of (i) $15,000,000 and (ii) 10% of the US Revolver Facility. The US Swing Line Sublimit is part of, and not in addition to, the US Revolver Facility.

"Voting Stock" of any specified Person as of any date, means the Equity Interests of such Person that is at the time entitled to vote in the election of the board of directors or any similar governing body of such Person.

"Weighted Average Life to Maturity" shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Subsidiary" means any Subsidiary of a Person, all of the issued and outstanding stock, membership interests, partnership interests or other equity interests of which (including all rights or options to acquire such stock or interests) are directly or indirectly (through one or more Subsidiaries) owned by such Person.

"Wild Goose Facility" means the natural gas storage facility located in Butte and Colusa Counties, California and having, as of the Closing Date, two storage zones and a total capacity of approximately 75 Bcf, and associated compressors, compressor sites, pipeline headers, pipelines and other related equipment and buildings.

"Write-Down and Conversion Powers" means, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

1.02 **Other Interpretive Provisions**. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization

Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person~~'~~'s successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including".

(c) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 **Accounting Terms**. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, except as otherwise specifically prescribed herein.

1.04 **Rounding**. Any financial ratios required to be maintained by any Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 **Times of Day**. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.06 **Letter of Credit Amounts**. Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to be the Dollar Equivalent of the stated amount of such Letter of Credit in effect at such time.

1.07 **Dollar Equivalents; Spot Rates**.

(a) Unless otherwise specified herein, (i) all dollar amounts expressed herein shall refer to Dollars and (ii) for purposes of calculating compliance with the terms of this Agreement and the other Loan Documents (including for purposes of calculating compliance with the covenants), each obligation or calculation shall be converted to its Dollar Equivalent. Unless otherwise provided, dollar ($) baskets set forth in the representations and warranties, covenants and events of default provisions of this Agreement and other similar baskets (it being understood that this sentence does not apply to Article II of this Agreement) are calculated as of each date of measurement by the Dollar Equivalent thereof as

of such date of measurement; provided that if any such baskets are exceeded solely as a result of fluctuations in applicable currency exchange rates after the last time such baskets were accessed, such baskets will not be deemed to have been exceeded solely as a result of such fluctuations in currency exchange rates.

(b) The Administrative Agent or the Applicable L/C Issuer, as applicable, shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Credit Extensions and Outstanding Amounts denominated in Canadian Dollars. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to occur. Except for purposes of financial statements delivered by the US Borrower hereunder and calculating financial covenants hereunder, and except as otherwise provided herein, the applicable amount of Canadian Dollars for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent or the Applicable L/C Issuer, as applicable.

1.08 **References to Agreements and Laws**. Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are permitted by any Loan Document and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.09 **Timing of Payment or Performance**. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment (other than as specifically provided in Section 2.12 or as described in the definition of Interest Period) or performance shall extend to the immediately succeeding Business Day.

ARTICLE II.
THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 **Loans**.

(a) US Revolver Loans. Subject to the terms and conditions set forth herein, each US Revolver Lender severally agrees to make loans (each such loan, a "US Revolver Loan") to the US Borrower, denominated in Dollars, from time to time on any Business Day during the US Revolver Availability Period, in an aggregate principal amount that will not result in (i) such Lender's US Revolver Exposure exceeding such Lender's US Revolver Commitment, or (ii) the Total US Revolver Exposure exceeding the US Revolver Maximum Available Amount. Within the foregoing limits and subject to the other terms and conditions set forth herein, the US Borrower may borrow, prepay and reborrow US Revolver Loans. US Revolver Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

(b) Canadian Revolver Advances. Subject to the terms and conditions set forth herein, each Canadian Revolver Lender severally agrees to extend credit (each such extension of credit, a "Canadian Revolver Advance") to the Canadian Borrower, denominated in Canadian Dollars or Dollars, from time to time on any Business Day during the Canadian Revolver Availability Period, by (i) making loans (each such loan, a "Canadian Revolver Loan") to the Canadian Borrower and (ii) accepting and purchasing or selling, at such Canadian Revolver Lender's sole discretion, Bankers' Acceptances

issued under this Agreement by the Canadian Borrower, in each case in an aggregate principal amount that will not result in (x) such Lender's Canadian Revolver Exposure exceeding such Lender's Canadian Revolver Commitment or (y) the Total Canadian Revolver Exposure exceeding the Canadian Revolver Maximum Available Amount. Within the foregoing limits and subject to the other terms and conditions set forth herein, the Canadian Borrower may (A) borrow, prepay and reborrow Canadian Revolver Loans and (B) issue BAs, rollover BAs, repay maturing BAs and issue new BAs. Canadian Revolver Loans denominated in Canadian Dollars shall only be Canadian Prime Rate Loans. Canadian Revolver Loans denominated in Dollars may be Canadian US Dollar Base Rate Loans or Eurodollar Rate Loans, as further provided herein.

2.02 **Borrowings, Conversions, Continuations of Loans**.

(a) ~~(a)~~ Notice of Borrowing, Conversion, Continuation. Each Borrowing, each conversion of Loans from one Type to another, each continuation of Eurodollar Rate Loans and each issuance (including pursuant to any rollover) of Bankers' Acceptances shall be made upon the US Borrower's or the Canadian Borrower's, as applicable, notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than (i) 1:00 p.m. three Business Days prior to the requested date of (x) any Borrowing of, conversion to or continuation of Eurodollar Rate Loans or (y) any conversion of Eurodollar Rate Loans to Base Rate Loans or Canadian US Dollar Base Rate Loans, (ii) 1:00 p.m. two Business Days prior to the requested date of any issuance (including pursuant to any rollover) of Bankers' Acceptances, and (iii) ~~1:00 p.m. one Business Day prior to the requested date of any Borrowing of Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans, and (iv)~~ 10:00 a.m. on the requested date of any Borrowing of Base Rate Loans ~~(other than~~, Canadian US Dollar Base Rate Loans~~)~~ or Canadian Prime Rate Loans. Each telephonic notice by a Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of such Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Except as provided in Section 2.03(c), each Borrowing of or conversion to (i) Base Rate Loans or Canadian US Dollar Base Rate Loans shall be in a principal amount of $1,000,000 or a whole multiple of $100,000 in excess thereof and (ii) Canadian Prime Rate Loans shall be in a principal amount of C$1,000,000 or a whole multiple of C$100,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) the identity of the Borrower that is requesting, as the case may be, a Borrowing, a conversion of Loans from one Type to another, a continuation of Eurodollar Rate Loans or a rollover of Bankers' Acceptances, (ii) the requested date of the Borrowing, conversion, continuation or rollover, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued or the principal amount of Bankers' Acceptances to be issued (including pursuant to any rollover), (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, (v) if applicable, the duration of the Interest Period or term with respect thereto, (vi) whether such Loans are US Revolver Loans or Canadian Revolver Advances, and (vii) if such Loans are Canadian Revolver Loans, whether such Loans are to be denominated in Canadian Dollars or Dollars. Notwithstanding anything to the contrary contained herein, a Swing Line Loan may not be converted to a Eurodollar Rate Loan or a Borrowing by way of Bankers' Acceptances.

(b) Incomplete Loan Notice; Failure to Deliver Timely Loan Notice. If any Borrower fails to specify a Type of Loan in a Loan Notice relating to Loans other than Canadian Revolver Loans, or if any Borrower fails to give a timely notice requesting a conversion or continuation of Loans other than Canadian Revolver Loans, then the applicable Loans shall be made as, or converted to, Base Rate Loans. If the Canadian Borrower fails to specify a Type of Canadian Revolver Advance in a Loan Notice relating to Canadian Revolver Advances, or if the Canadian Borrower fails to give a timely notice requesting a conversion or continuation of Eurodollar Rate Loans or a conversion or

rollover of Bankers'' Acceptances, then the applicable Canadian Revolver Advances shall be made as, or converted to, Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans, as applicable. Any such automatic conversion or continuation to Eurodollar Rate Loans, Base Rate Loans, Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans or the maturity date of the applicable Bankers'' Acceptances, as applicable. If any Borrower requests a Borrowing of, conversion to, or continuation of Eurodollar Rate Loans in any Loan Notice, but fails to specify an Interest Period, such Borrower will be deemed to have specified an Interest Period of one month. If the Canadian Borrower requests a Borrowing by way of, conversion to, or rollover of Bankers'' Acceptances in any Loan Notice, but fails to specify a term therefor, the Canadian Borrower will be deemed to have specified a term of 30 days.

(c) Funding of Loans. Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each US Revolver Lender of the amount of its US Revolver Percentage and each Canadian Revolver Lender of the amount of its Canadian Revolver Percentage, as the case may be, of the applicable Loans, and if no timely notice of a conversion, continuation or rollover is provided by the applicable Borrower with respect to an expiring Eurodollar Loan or Bankers'' Acceptance, the Administrative Agent shall notify each applicable Lender of the details of any automatic conversion to Base Rate Loans, Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent''s Office not later than 1:00 p.m. on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02, the Administrative Agent shall make all funds so received available to the applicable Borrower in like funds as received by the Administrative Agent either by (i) crediting the account of such Borrower on the books of the Administrative Agent, with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by such Borrower; provided that (x) if, on the date a Loan Notice with respect to a US Revolver Borrowing is given by the US Borrower, there are US L/C Borrowings outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such US L/C Borrowings, and second, shall be made available to the US Borrower as provided above and (y) if, on the date a Loan Notice with respect to a Canadian Revolver Borrowing is given by the Canadian Borrower, there are Canadian L/C Borrowings outstanding, then the proceeds of such Borrowing, first, shall be applied to the payment in full of any such Canadian L/C Borrowings, and second, shall be made available to the Canadian Borrower as provided above.

(d) Continuation and Conversion of Eurodollar Rate Loans. Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted either (i) on the last day of an Interest Period for such Eurodollar Rate Loan or (ii) subject to the payment of any amounts owing under Section 3.05, on any other Business Day during an Interest Period for such Eurodollar Rate Loan. During the existence of an Event of Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders.

(e) Notification of Interest Rates. The Administrative Agent shall promptly notify the applicable Borrower and the applicable Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate in accordance with the terms hereof. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the US Borrower and the US Revolver Lenders of any change in Royal Bank of Canada''s prime rate used in determining the Base Rate promptly following the public announcement of such change. At any time that Canadian Prime Rate Loans are outstanding, the Administrative Agent shall notify the Canadian Borrower and the Canadian Revolver Lenders of any change in Royal Bank of Canada''s reference rate for Canadian

Dollar commercial demand loans made to a Person in Canada used in determining the Canadian Prime Rate promptly following the public announcement of such change. At any time that Canadian US Dollar Base Rate Loans are outstanding, the Administrative Agent shall notify the Canadian Borrower and the Canadian Revolver Lenders of any change in the Administrative Agent's reference rate for US Dollar commercial loans made to a Person in Canada used in determining the Canadian US Dollar Base Rate promptly following the public announcement of such change.

(f) Separate Nature of Types of Loans; Limits on Certain Types of Loans. The interest rate on each Type of Loan shall be determined (as stated in Section 2.08(a)) separately, and for this purpose, each Borrowing of a Eurodollar Rate Loan shall be elected separately for US Revolver Loans and Canadian Revolver Loans. No continuation of a Eurodollar Rate Loan or conversion of a Base Rate Loan or Canadian US Dollar Base Rate Loan into a Eurodollar Rate Loan may combine a US Revolver Loan or a Canadian Revolver Loan into a single Eurodollar Rate Loan. After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations and rollovers of Loans as the same Type, there shall not be more than twenty (20) Eurodollar Rate Loans outstanding at any time and no more than five (5) Borrowings in effect with respect to Bankers' Acceptances at any time.

2.03 **Letters of Credit**.

(a) The Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) the US L/C Issuer agrees, in reliance upon the agreements of the US Revolver Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date through the Letter of Credit Expiration Date, to issue US Letters of Credit for the account of the US Borrower in support of obligations of the US Borrower or one or more of its Subsidiaries, and to amend US Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the US Letters of Credit; and (B) each US Revolver Lender severally agrees to participate in US Letters of Credit issued for the account of the US Borrower and any drawings thereunder; provided that, after giving effect to any L/C Credit Extension with respect to any US Letter of Credit, (x) the Total US Revolver Exposure shall not exceed the US Revolver Maximum Available Amount and (y) the US Revolver Exposure of any US Revolver Lender shall not exceed such Lender's US Revolver Commitment. Each request by the US Borrower for the issuance or amendment of a US Letter of Credit shall be deemed to be a representation by the US Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the US Borrower's ability to obtain US Letters of Credit shall be fully revolving, and accordingly the US Borrower may, during the period from the Closing Date through the Letter of Credit Expiration Date, obtain US Letters of Credit to replace US Letters of Credit that have expired or that have been drawn upon and reimbursed.

(ii) Subject to the terms and conditions set forth herein, (A) the Canadian L/C Issuer agrees, in reliance upon the agreements of the Canadian Revolver Lenders set forth in this Section 2.03, (1) from time to time on any Business Day during the period from the Closing Date through the Letter of Credit Expiration Date, to issue Canadian Letters of Credit for the account of the Canadian Borrower in support of obligations of the Canadian Borrower or one or more of its Subsidiaries, and to amend Canadian Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Canadian Letters of Credit; and (B) each Canadian Revolver Lender

severally agrees to participate in Canadian Letters of Credit issued for the account of the Canadian Borrower and any drawings thereunder; provided that, after giving effect to any L/C Credit Extension with respect to any Canadian Letter of Credit, (x) the Total Canadian Revolver Exposure shall not exceed the Canadian Revolver Maximum Available Amount and (y) the Canadian Revolver Exposure of any Canadian Revolver Lender shall not exceed such Lender's Canadian Revolver Commitment. Each request by the Canadian Borrower for the issuance or amendment of a Canadian Letter of Credit shall be deemed to be a representation by the Canadian Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Canadian Borrower's ability to obtain Canadian Letters of Credit shall be fully revolving, and accordingly the Canadian Borrower may, during the period from the Closing Date through the Letter of Credit Expiration Date, obtain Canadian Letters of Credit to replace Canadian Letters of Credit that have expired or that have been drawn upon and reimbursed.

(A) The Applicable L/C Issuer shall not issue any Letter of Credit if the expiry date of such requested Letter of Credit would occur later than the earlier of (x) fifteen months after the date of issuance and (y) unless the Borrower Cash Collateralizes the Outstanding Amount of the L/C Obligation, five Business Days prior to the Revolver Maturity Date, unless the US Revolver Required Lenders or Canadian Revolver Required Lenders, as applicable, have approved such expiry date.

(iii) The Applicable L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority shall by its terms purport to enjoin or restrain such L/C Issuer from issuing such Letter of Credit, or any Law applicable to such L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such L/C Issuer shall prohibit, or request that such L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such L/C Issuer in good faith deems material to it;

(B) in the case of a US Letter of Credit, such Letter of Credit is to be denominated in a currency other than Dollars, and in the case of a Canadian Letter of Credit, such Letter of Credit is to be denominated in a currency other than Canadian Dollars or Dollars; or

(C) such Letter of Credit contains any provisions for automatic reinstatement of the stated amount after any drawing thereunder.

(iv) The Applicable L/C Issuer shall not amend any Letter of Credit if such L/C Issuer would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof.

(v) The Applicable L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) such L/C Issuer would have no obligation at such time to issue such

Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(vi) The US L/C Issuer shall act on behalf of the US Revolver Lenders with respect to any US Letters of Credit issued by it and the documents associated therewith, the Canadian L/C Issuer shall act on behalf of the Canadian Revolver Lenders with respect to any Canadian Letters of Credit issued by it and the documents associated therewith, and each L/C Issuer shall have all of the benefits and immunities (A) provided to the Agents in Article IX with respect to any acts taken or omissions suffered by such L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such Letters of Credit as fully as if the term "Agent" as used in Article IX included such L/C Issuer with respect to such acts or omissions, and (B) as additionally provided herein with respect to such L/C Issuer.

(vii) The parties hereto agree that the Existing Letters of Credit shall be deemed to be Letters of Credit for all purposes under this Agreement, without any further action by the applicable Borrower, the L/C Issuer thereunder or any other Person.

(b) Procedures for Issuance and Amendment of Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the applicable Borrower, and delivered to the Applicable L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower making such request. Such Letter of Credit Application must be received by the Applicable L/C Issuer and the Administrative Agent not later than 1:00 p.m. at least three Business Days (or such later date and time as the Administrative Agent and the Applicable L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the Applicable L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the Applicable L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail satisfactory to the Applicable L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the Applicable L/C Issuer may reasonably require. Additionally, the requesting Borrower shall furnish to the Applicable L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the Applicable L/C Issuer or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the Applicable L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the requesting Borrower and will provide the Administrative Agent with a copy thereof. Unless the Applicable L/C Issuer has received written notice from any US

Revolver Lender or Canadian Revolver Lender, as applicable, the Administrative Agent or any Loan Party, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Section 4.02 shall not then be satisfied, then, subject to the terms and conditions hereof, the Applicable L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the requesting Borrower or enter into the applicable amendment, as the case may be, in each case in accordance with the Applicable L/C Issuer's usual and customary business practices. Immediately upon the issuance of each US Letter of Credit, each US Revolver Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, severally purchase from the US L/C Issuer a risk participation in such US Letter of Credit in an amount equal to the product of such Lender's US Revolver Percentage times the amount of such Letter of Credit. Immediately upon the issuance of each Canadian Letter of Credit, each Canadian Revolver Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, severally purchase from the Canadian L/C Issuer a risk participation in such Canadian Letter of Credit in an amount equal to the product of such Lender's Canadian Revolver Percentage times the amount of such Letter of Credit.

(iii) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the Applicable L/C Issuer will also deliver to the applicable Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(iv) The Existing Letters of Credit shall not be renewed and shall be replaced within 90 days of the Closing Date.

(c) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Applicable L/C Issuer shall notify the applicable Borrower and the Administrative Agent thereof. Not later than 1:00 p.m. on the date of any payment by the Applicable L/C Issuer under a Letter of Credit (each such date of payment, an "Honor Date"), the applicable Borrower shall reimburse the Applicable L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing; provided that, in the event that the drawing occurs after 11:00 a.m. on the Honor Date, the Borrower shall reimburse the Applicable L/C Issuer through the Administrative Agent no later than 1:00 p.m. one Business Day immediately following the Honor Date, together with interest accrued on the amount thereof at the rate then applicable to Base Rate Loans. If such Borrower fails to so reimburse the Applicable L/C Issuer by such time, the Administrative Agent shall promptly notify each US Revolver Lender or Canadian Revolver Lender, as applicable, of the Honor Date, the amount of the unreimbursed drawing (the "Unreimbursed Amount") and the amount of such Lender's US Revolver Percentage or Canadian Revolver Percentage, as applicable, thereof. In such event, the applicable Borrower shall be deemed to have requested a Borrowing of Base Rate Loans in the case of a US Letter of Credit, or a Borrowing of Canadian Prime Rate Loans or Canadian US Dollar Base Rate Loans, as applicable, in the case of a Canadian Letter of Credit, to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, Canadian Prime Rate Loans or Canadian US Dollar Base Rate Loans, but subject to the US Revolver Maximum Available Amount or Canadian Revolver Maximum Available Amount, as the case may be, and the conditions set forth in Section 4.02 (other than the delivery of a Loan Notice). Any notice given by any L/C Issuer or any Agent pursuant to this Section 2.03(c)(i) may be given

by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each US Revolver Lender or Canadian Revolver Lender, as applicable, shall, upon receipt of a notice pursuant to Section 2.03(c)(i), make funds available to the Administrative Agent for the account of the Applicable L/C Issuer at the Administrative Agent's Office in an amount equal to its US Revolver Percentage or Canadian Revolver Percentage, as applicable, of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each US Revolver Lender or Canadian Revolver Lender, as applicable, that so makes funds available shall be deemed to have made (A) in the case of a US Letter of Credit, a Base Rate Loan, or (B) in the case of a Canadian Letter of Credit, a Canadian Prime Rate Loan or Canadian US Dollar Base Rate Loan (each such Loan, an "L/C Disbursement Loan"), to the applicable Borrower in such amount. The Administrative Agent shall remit the funds so received to the Applicable L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing of L/C Disbursement Loans because the conditions set forth in Section 4.02 cannot be satisfied or for any other reason, the applicable Borrower shall be deemed to have incurred from the Applicable L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each US Revolver Lender's or Canadian Revolver Lender's, as applicable, payment to the Administrative Agent for the account of the Applicable L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03(c).

(iv) Until each US Revolver Lender or Canadian Revolver Lender, as applicable, funds its L/C Disbursement Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the Applicable L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's US Revolver Percentage or Canadian Revolver Percentage, as applicable, of such amount shall be solely for the account of the Applicable L/C Issuer.

(v) Each US Revolver Lender's or Canadian Revolver Lender's, as applicable, obligation to make L/C Disbursement Loans or L/C Advances to reimburse the Applicable L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Applicable L/C Issuer, the applicable Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default; or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided that each US Revolver Lender's or Canadian Revolver Lender's, as applicable, obligation to make L/C Disbursement Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 4.02 (other than delivery by the applicable Borrower of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the applicable Borrower to reimburse the Applicable L/C Issuer for the amount of any payment made by the Applicable L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any US Revolver Lender or Canadian Revolver Lender, as applicable, fails to make available to the Administrative Agent for the account of the Applicable L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), the Applicable L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Applicable L/C Issuer at a rate per annum equal to the greater of the Federal Funds Rate (or, as to Canadian Dollar-denominated obligations, the Bank of Canada Rate) and a rate determined by the Applicable L/C Issuer in accordance with banking industry rules on interbank compensation. A certificate of the Applicable L/C Issuer submitted to any US Revolver Lender or Canadian Revolver Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the Applicable L/C Issuer has made a payment under any Letter of Credit and has received from any US Revolver Lender or Canadian Revolver Lender, as applicable, such Lender~~'~~'s L/C Advance in respect of such payment in accordance with Section 2.03(c), if the Administrative Agent receives for the account of the Applicable L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the applicable Borrower or otherwise, including proceeds of Cash Collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its US Revolver Percentage or Canadian Revolver Percentage, as applicable, thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender~~'~~'s L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the Applicable L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by the Applicable L/C Issuer in its discretion), each US Revolver Lender or Canadian Revolver Lender, as applicable, shall pay to the Administrative Agent for the account of the Applicable L/C Issuer its US Revolver Percentage or Canadian Revolver Percentage, as applicable, thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate (or, as to Canadian Dollar-denominated obligations, the Bank of Canada Rate) from time to time in effect. The obligations of the US Revolver Lenders and Canadian Revolver Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Obligations Absolute. The obligation of the US Borrower or the Canadian Borrower, as applicable, to reimburse the Applicable L/C Issuer for each drawing under each US Letter of Credit or Canadian Letter of Credit, as applicable, and to repay each US L/C Borrowing or Canadian L/C Borrowing, as applicable, shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement regardless of any circumstances, including any of the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the applicable Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Applicable L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the Applicable L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the Applicable L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the applicable Borrower or any Subsidiary.

The applicable Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with such Borrower~~'~~'s instructions or other irregularity, such Borrower will immediately notify the Applicable L/C Issuer thereof. The applicable Borrower shall be conclusively deemed to have waived any such claim against the Applicable L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer. Each of the US Revolver Lenders, the Canadian Revolver Lenders, the US Borrower and the Canadian Borrower agrees that, in paying any drawing under a Letter of Credit, the Applicable L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity of any such document or the authority of the Person executing or delivering any such document. Neither the L/C Issuers, the Agents, any of their respective Related Parties nor any correspondent, participant or assignee of any L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the US Revolver Lenders, the Canadian Revolver Lenders, the US Revolver Required Lenders, the Canadian Revolver Required Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The applicable Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided that this assumption is not intended to, and shall not, preclude such Borrower from pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. Neither the L/C Issuers, the Agents, any of their respective Related Parties nor any correspondent, participant or assignee of any L/C Issuer shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e); provided that, anything in such

clauses to the contrary notwithstanding, the applicable Borrower may have a claim against the Applicable L/C Issuer, and the Applicable L/C Issuer may be liable to the applicable Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by such Borrower which such Borrower proves were caused by such L/C Issuer's willful misconduct or gross negligence or such L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft, certificate(s) and documents expressly required by the Letter of Credit strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the Applicable L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and, in the event a Letter of Credit allows for transfer or assignment of such Letter of Credit, the Applicable L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason. The Applicable L/C Issuer shall deliver to the applicable Borrower copies of any documents purporting to assign or transfer a Letter of Credit issued for the account of such Borrower. The failure of such L/C Issuer to deliver such documents will not relieve such Borrower of its obligations hereunder.

(g) Cash Collateral. Upon the request of the Administrative Agent, if, as of the Letter of Credit Expiration Date, any L/C Obligation for any reason remains outstanding, the applicable Borrower shall, in each case, immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations. The US Borrower hereby grants to the Administrative Agent, for the benefit of the US L/C Issuer and the US Revolver Lenders, a security interest in all Cash Collateral pledged and deposited with or delivered to the Administrative Agent as Collateral for the US L/C Obligations, and all proceeds of the foregoing. The Canadian Borrower hereby grants to the Administrative Agent, for the benefit of the Canadian L/C Issuer and the Canadian Revolver Lenders, a security interest in all Cash Collateral pledged and deposited with or delivered to the Administrative Agent as Collateral for the Canadian L/C Obligations, and all proceeds of the foregoing. Cash Collateral pledged and deposited by the US Borrower shall be maintained in blocked deposit accounts at a financial institution that has agreed with the US Borrower and the Administrative Agent to enter into an account control agreement in form and substance reasonably satisfactory to the Administrative Agent and will bear interest at prevailing rates for similar deposits. Cash Collateral pledged and deposited by the Canadian Borrower shall be maintained in blocked deposit accounts at a financial institution that has agreed with the Canadian Borrower and the Administrative Agent to enter into an account control agreement in form and substance reasonably satisfactory to the Administrative Agent and will bear interest at prevailing rates for similar deposits.

(h) Applicability of ISP and UCP. Unless otherwise expressly agreed by the Applicable L/C Issuer and the applicable Borrower, when a Letter of Credit is issued, (i) such Borrower may specify that either the rules of the ISP or the rules of the Uniform Customs and Practice for Documentary Credits ("UCP"), as most recently published by the International Chamber of Commerce at the time of issuance, apply to each standby Letter of Credit, and (ii) the rules of the UCP shall apply to each commercial Letter of Credit.

(i) Conflict with Letter of Credit Applications. To the extent that any provision of any Letter of Credit Application related to any Letter of Credit is inconsistent with this Agreement or contains defaults, covenants or grants of security not found in this Agreement, such provisions shall be deemed ineffective and the provisions of this Agreement shall apply and control.

(j) US Letters of Credit Issued for Subsidiaries of the US Borrower. Notwithstanding that a US Letter of Credit issued or outstanding hereunder is in support of any obligations of a Subsidiary of the US Borrower, the US Borrower shall be obligated to reimburse the US L/C Issuer hereunder for any and all drawings under such US Letter of Credit. The US Borrower hereby

acknowledges that the issuance of US Letters of Credit for the account of its Subsidiaries inures to the benefit of the US Borrower, and that its business derives substantial benefits from the businesses of such Subsidiaries.

(k) Canadian Letters of Credit Issued for Subsidiaries of the Canadian Borrower. Notwithstanding that a Canadian Letter of Credit issued or outstanding hereunder is in support of any obligations of a Subsidiary of the Canadian Borrower, the Canadian Borrower shall be obligated to reimburse the Canadian L/C Issuer hereunder for any and all drawings under such Canadian Letter of Credit. The Canadian Borrower hereby acknowledges that the issuance of Canadian Letters of Credit for the account of its Subsidiaries inures to the benefit of the Canadian Borrower, and that its business derives substantial benefits from the businesses of such Subsidiaries.

2.04 **Swing Line Loans**.

(a) The Swing Line.

(i) Subject to the terms and conditions set forth herein, the US Swing Line Lender agrees, in reliance upon the agreements of the other US Revolver Lenders set forth in this Section 2.04, to make loans (each such loan, a "US Swing Line Loan") to the US Borrower, denominated in Dollars, from time to time on any Business Day during the US Revolver Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the US Swing Line Sublimit, notwithstanding the fact that such US Swing Line Loans, when aggregated with the outstanding principal amount of US Revolver Loans of, and the US Revolver L/C Exposure of, the Lender acting as US Swing Line Lender, may exceed the amount of such Lender's US Revolver Commitment; provided that after giving effect to any US Swing Line Loan, (A) the Total US Revolver Exposure shall not exceed the US Revolver Maximum Available Amount, and (B) the US Revolver Exposure of any US Revolver Lender shall not exceed such Lender's US Revolver Commitment; and provided further that the US Borrower shall not use the proceeds of any US Swing Line Loan to refinance any outstanding US Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the US Borrower may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each US Swing Line Loan shall bear interest only at a rate based on the Base Rate. Immediately upon the making of a US Swing Line Loan, each US Revolver Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the US Swing Line Lender a risk participation in such US Swing Line Loan in an amount equal to the product of such US Revolver Lender's US Revolver Percentage times the amount of such US Swing Line Loan.

(ii) Subject to the terms and conditions set forth herein, the Canadian Swing Line Lender agrees, in reliance upon the agreements of the other Canadian Revolver Lenders set forth in this Section 2.04, to make loans (each such loan, a "Canadian Swing Line Loan") to the Canadian Borrower, denominated in Canadian Dollars or Dollars, from time to time on any Business Day during the Canadian Revolver Availability Period in an aggregate amount not to exceed at any time outstanding the amount of the Canadian Swing Line Sublimit, notwithstanding the fact that such Canadian Swing Line Loans, when aggregated with the outstanding principal amount of Canadian Revolver Loans of, and the Canadian Revolver L/C Exposure of, the Lender acting as Canadian Swing Line Lender, may exceed the amount of such Lender's Canadian Revolver Commitment; provided that after giving effect to any Canadian Swing Line Loan, (A) the Total Canadian Revolver Exposure shall not exceed the Canadian Revolver Maximum Available Amount, and (B) the Canadian Revolver Exposure of any Canadian Revolver Lender shall not exceed such Lender's

Canadian Revolver Commitment; and provided further that the Canadian Borrower shall not use the proceeds of any Canadian Swing Line Loan to refinance any outstanding Canadian Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Canadian Borrower may borrow under this Section 2.04, prepay under Section 2.05, and reborrow under this Section 2.04. Each Canadian Swing Line Loan denominated in Canadian Dollars shall bear interest only at a rate based on the Canadian Prime Rate, and each Canadian Swing Line Loan denominated in Dollars shall bear interest only at a rate based on the Canadian US Dollar Base Rate. Immediately upon the making of a Canadian Swing Line Loan, each Canadian Revolver Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Canadian Swing Line Lender a risk participation in such Canadian Swing Line Loan in an amount equal to the product of such Canadian Revolver Lender's Canadian Revolver Percentage times the amount of such Canadian Swing Line Loan.

(b) Borrowing Procedures. Each Swing Line Borrowing shall be made upon the applicable Borrower's irrevocable notice to the Applicable Swing Line Lender, which notice may be given by telephone. Each such notice must be received by the Applicable Swing Line Lender not later than (x) 1:00 p.m. on the requested borrowing date in the case of a US Swing Line Borrowing and (y) 1:00 p.m. on the requested borrowing date in the case of a Canadian Swing Line Borrowing, and shall specify (i) the amount to be borrowed, which shall be a minimum of $500,000 (or, if denominated in Canadian Dollars, C$500,000), (ii) the requested borrowing date, which shall be a Business Day, and (iii) in the case of a Canadian Swing Line Borrowing, whether the Canadian Swing Line Loans to be included therein are to be denominated in Canadian Dollars or Dollars. Each such telephonic notice must be confirmed promptly by delivery to the Applicable Swing Line Lender of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the applicable Borrower. Promptly after receipt by the Applicable Swing Line Lender of any telephonic Swing Line Loan Notice, the Applicable Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Applicable Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Applicable Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any applicable Revolver Lender) prior to 1:00 p.m. on the date of the proposed Swing Line Borrowing (A) directing the Applicable Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.04(a)(i) or Section 2.04(a)(ii), as applicable, or (B) that one or more of the applicable conditions contained in Section 4.02 is not then satisfied, then, subject to the terms and conditions hereof, the Applicable Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the applicable Borrower; provided that if either the US Borrower or the Canadian Borrower maintains a deposit account with the Swing Line Lender, any overdraft on such account shall automatically be converted into a US Swing Line Loan or a Canadian Swing Line Loan, as applicable, hereunder, subject only to the US Swing Line Sublimit or the Canadian Swing Line Sublimit, as applicable.

(c) Refinancing of Swing Line Loans.

(i) (A) The US Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the US Borrower (which hereby irrevocably authorizes the US Swing Line Lender to so request on its behalf), that each US Revolver Lender make a Base Rate Loan in an amount equal to such Lender's US Revolver Percentage of the amount of US Swing Line Loans then outstanding, and (B) the Canadian Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Canadian Borrower (which hereby irrevocably authorizes the Canadian Swing Line Lender to so request on its

behalf), that each Canadian Revolver Lender make a Canadian Prime Rate Loan or a Canadian US Dollar Base Rate Loan, as applicable, in an amount equal to such Lender's Canadian Revolver Percentage of the amount of Canadian Swing Line Loans then outstanding. Any such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02(a), without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, Canadian Prime Rate Loans or Canadian US Dollar Base Rate Loans, but subject to the US Revolver Maximum Available Amount or Canadian Revolver Maximum Available Amount, as the case may be, and the conditions set forth in Section 4.02. The Applicable Swing Line Lender shall furnish the applicable Borrower with a copy of the applicable Loan Notice promptly after delivering such notice to the Administrative Agent. Each US Revolver Lender or Canadian Revolver Lender, as applicable, shall make an amount equal to its Applicable Percentage of the amount specified in such Loan Notice available to the Administrative Agent in immediately available funds for the account of the Applicable Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Loan Notice, whereupon, subject to Section 2.04(c)(ii), each Revolver Lender that so makes funds available shall be deemed to have made a Base Rate Loan, Canadian Prime Rate Loan or Canadian US Dollar Base Rate Loan, as applicable, to the applicable Borrower in such amount. The Administrative Agent shall remit the funds so received to the Applicable Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by a Borrowing of US Revolver Loans or Canadian Revolver Loans, as applicable, in accordance with Section 2.04(c)(i), the request for Base Rate Loans, Canadian Prime Rate Loans or Canadian US Dollar Base Rate Loans submitted by the Applicable Swing Line Lender as set forth in Section 2.04(c)(i) shall be deemed to be a request by the Applicable Swing Line Lender that each of the US Revolver Lenders or Canadian Revolver Lenders, as applicable, fund its risk participation in the relevant Swing Line Loan and each such Revolver Lender's payment to the Administrative Agent for the account of the Applicable Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Revolver Lender fails to make available to the Administrative Agent for the account of the Applicable Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i), then the Applicable Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Applicable Swing Line Lender at a rate per annum equal to the greater of the Federal Funds Rate (or, as to Canadian Swing Line Loans denominated in Canadian Dollars, the Bank of Canada Rate) and a rate determined by the Applicable Swing Line Lender in accordance with banking industry rules on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Applicable Swing Line Lender in connection with the foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Loan included in the relevant Borrowing or funded participation in the relevant Swing Line Loan, as the case may be. A certificate of the Applicable Swing Line Lender submitted to any US Revolver Lender or Canadian Revolver Lender, as applicable (through the Administrative Agent), with respect to any amounts owing under this Section 2.04(c)(iii) shall be conclusive absent manifest error.

(iv) Each Revolver Lender's obligation to make Revolver Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Applicable Swing Line Lender, the applicable Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided that each Revolver Lender's obligation to make Revolver Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 4.02. No such funding of risk participations shall relieve or otherwise impair the obligation of any Borrower to repay Swing Line Loans made to it, together with interest as provided herein.

(d) Repayment of Participations. ~~(i)~~ (i) At any time after any Revolver Lender has purchased and funded a risk participation in a Swing Line Loan, if the Applicable Swing Line Lender receives any payment on account of such Swing Line Loan, the Applicable Swing Line Lender will distribute to such Revolver Lender its Applicable Percentage thereof in the same funds as those received by the Applicable Swing Line Lender.

(ii) If any payment received by the Applicable Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by such Swing Line Lender under any of the circumstances described in Section 10.05 (including pursuant to any settlement entered into by such Swing Line Lender in its discretion), each US Revolver Lender or Canadian Revolver Lender, as applicable, shall pay to the Applicable Swing Line Lender its Applicable Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate (or, as to Canadian Swing Line Loans denominated in Canadian Dollars, the Bank of Canada Rate). The Administrative Agent will make such demand upon the request of the Applicable Swing Line Lender. The obligations of the Revolver Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(e) Interest for Account of Swing Line Lender. The Applicable Swing Line Lender shall be responsible for invoicing the applicable Borrower for interest on the Swing Line Loans made to it. Until each US Revolver Lender funds its Base Rate Loan or risk participation pursuant to this Section 2.04, or each Canadian Revolver Lender funds its Canadian Prime Rate Loan or Canadian US Dollar Base Rate Loan, as applicable, or risk participation pursuant to this Section 2.04, in each case to refinance such Lender's Applicable Percentage of any Swing Line Loan, interest in respect of such Applicable Percentage shall be solely for the account of the Applicable Swing Line Lender.

(f) Payments Directly to Swing Line Lender. The applicable Borrower shall make all payments of principal and interest in respect of the Swing Line Loans made to it directly to the Applicable Swing Line Lender.

2.05 **Prepayments**.

(a) Optional Prepayments. ~~(i)~~ (i) Any Borrower may, upon notice to the Administrative Agent, at any time or from time to time voluntarily prepay (x) Loans (other than BAs) made to it and (y) in accordance with Section 2.20, BAs with terms of 30 days or longer issued by it, in each case in whole or in part, without premium or penalty; provided that (A) such notice must be received by the Administrative Agent not later than 1:00 p.m.: (1) three Business Days prior to any date of prepayment of Eurodollar Rate Loans, (2) one Business Day prior to any date of prepayment of

Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans and (3) on the date of prepayment of Base Rate Loans; (B) any prepayment of Eurodollar Rate Loans shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof or, if less, the entire principal amount thereof then outstanding; (C) any prepayment of Base Rate Loans or Canadian US Dollar Base Rate Loans shall be in a principal amount of $1,000,000 or a whole multiple of $100,000 in excess thereof or, if less, the entire principal amount thereof then outstanding; and (D) any prepayment of Canadian Prime Rate Loans shall be in a principal amount of C$1,000,000 or a whole multiple of C$100,000 in excess thereof or, if less, the entire principal amount thereof then outstanding. Each such notice shall specify whether such notice relates to US Revolver Loans or Canadian Revolver Loans, and the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each applicable Lender of its receipt of each such notice, and the amount of such Lender's US Revolver Percentage or Canadian Revolver Percentage, as applicable, of such prepayment. The applicable Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest on the amount prepaid, together with any additional amounts required pursuant to Section 3.05. For greater certainty, in the event of any prepayment of BAs with a term of 30 days or longer issued by the Canadian Borrower in accordance with this Section 2.05(a) and Section 2.20, the Canadian Borrower shall not be entitled to any refund or adjustment in respect of Bankers' Acceptances Stamping Fees or interest (discount) already paid in respect of the BAs that are being prepaid.

(ii) The US Borrower or the Canadian Borrower may, upon notice to the Applicable Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans made to it in whole or in part without premium or penalty; provided that (A) such notice must be received by the Applicable Swing Line Lender and the Administrative Agent not later than (x) 1:00 p.m. on the date of prepayment in the case of a prepayment of US Swing Line Loans and (y) 11:00 a.m. on the date of prepayment in the case of a prepayment of Canadian Swing Line Loans, and (B) any such prepayment shall be in a minimum principal amount of (x) $500,000 in the case of Swing Line Loans denominated in Dollars and (y) C$500,000 in the case of Swing Line Loans denominated in Canadian Dollars. Each such notice shall specify the date and amount of such prepayment. If such notice is given by the US Borrower or the Canadian Borrower, such Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(b) Mandatory Prepayments of US Revolver Loans Due to Excess Total US Revolver Exposure. If at any time the Total US Revolver Exposure exceeds the US Revolver Maximum Available Amount (including by reason of the delivery of a Non-Ordinary Course Borrowing Base Certificate), the US Borrower shall immediately (or, if such excess is due to a reduction by the Administrative Agent in the amount of the US Borrowing Base pursuant to Section 2.14, within two Business Days) apply an amount equal to such excess to prepay the US Revolver Loans, the US Swing Line Loans and the US L/C Borrowings and/or Cash Collateralize the US L/C Obligations (other than the US L/C Borrowings) until the Total US Revolver Exposure, net of the amount of Cash Collateral applied to Cash Collateralize the US L/C Obligations (other than the US L/C Borrowings), does not exceed the US Revolver Maximum Available Amount.

(c) Mandatory Prepayments of Canadian Revolver Loans Due to Excess Total Canadian Revolver Exposure. If at any time the Total Canadian Revolver Exposure exceeds the Canadian Revolver Maximum Available Amount (including by reason of the delivery of a Non-Ordinary Course Borrowing Base Certificate) (other than as a result of fluctuations in currency exchange rates), the Canadian Borrower shall immediately (or, if such excess is due to a reduction by the Administrative

Agent in the amount of the Canadian Borrowing Base pursuant to Section 2.14, within two Business Days) apply an amount equal to such excess to prepay the Canadian Revolver Loans, the Canadian Swing Line Loans and the Canadian L/C Borrowings and/or Cash Collateralize outstanding BAs and the Canadian L/C Obligations (other than the Canadian L/C Borrowings) until the Total Canadian Revolver Exposure, net of the amount of Cash Collateral applied to Cash Collateralize BAs and the Canadian L/C Obligations (other than the Canadian L/C Borrowings), does not exceed the Canadian Revolver Maximum Available Amount.

(d) General Provisions Relating to Prepayments. Each prepayment of the Loans under Section 2.05(a), (b), or (c), shall be accompanied by all interest then accrued and unpaid on the principal so prepaid, together with any additional amounts required pursuant to Section 3.05. Any principal or interest prepaid pursuant to this Section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment. Each such prepayment shall be applied to the US Revolver Loans or Canadian Revolver Loans, as applicable, of the Lenders in accordance with their respective US Revolver Percentage or Canadian Revolver Percentage, as applicable.

2.06 **Termination or Reduction of Commitments**.

(a) Termination or Reduction of US Revolver Commitments. The US Borrower may, upon notice to the Administrative Agent, terminate the Aggregate US Revolver Commitments or the US Swing Line Sublimit, or from time to time permanently reduce the Aggregate US Revolver Commitments or the US Swing Line Sublimit; provided that (i) any such notice shall be received by the Administrative Agent not later than (i) 1:00 p.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $1,000,000 or any whole multiple of $500,000 in excess thereof, and (iii) the US Borrower shall not terminate or reduce (A) the Aggregate US Revolver Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total US Revolver Exposure would exceed the US Revolver Maximum Available Amount or (B) the US Swing Line Sublimit if, after giving effect thereto and to any concurrent prepayments hereunder, the Outstanding Amount of US Swing Line Loans would exceed the US Swing Line Sublimit. If after giving effect to any reduction or termination of the Aggregate US Revolver Commitments under this Section 2.06(a), the US Swing Line Sublimit exceeds the US Revolver Facility at such time, the US Swing Line Sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the US Revolver Lenders of any such notice of termination or reduction of the Aggregate US Revolver Commitments or the US Swing Line Sublimit. Any reduction of the Aggregate US Revolver Commitments shall be applied to the US Revolver Commitment of each US Revolver Lender according to its US Revolver Percentage. All fees accrued until the effective date of any termination of the Aggregate US Revolver Commitments shall be paid on the effective date of such termination.

(b) Termination or Reduction of Canadian Revolver Commitments. The Canadian Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Canadian Revolver Commitments or the Canadian Swing Line Sublimit, or from time to time permanently reduce the Aggregate Canadian Revolver Commitments or the Canadian Swing Line Sublimit; provided that (i) any such notice shall be received by the Administrative Agent not later than 1:00 p.m. five Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $1,000,000 or any whole multiple of $500,000 in excess thereof, and (iii) the Canadian Borrower shall not terminate or reduce (A) the Aggregate Canadian Revolver Commitments if, after giving effect thereto and to any concurrent prepayments hereunder, the Total Canadian Revolver Exposure would exceed the Aggregate Canadian Revolver Commitments or (B) the Canadian Swing Line Sublimit if, after giving effect thereto and to any concurrent prepayments hereunder, the Outstanding

Amount of Canadian Swing Line Loans would exceed the Canadian Swing Line Sublimit. If after giving effect to any reduction or termination of the Aggregate Canadian Revolver Commitments under this Section 2.06(b), the Canadian Swing Line Sublimit exceeds the Canadian Revolver Facility at such time, the Canadian Swing Line Sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Canadian Revolver Lenders of any such notice of termination or reduction of the Aggregate Canadian Revolver Commitments or the Canadian Swing Line Sublimit. Any reduction of the Aggregate Canadian Revolver Commitments shall be applied to the Canadian Revolver Commitment of each Canadian Revolver Lender according to its Canadian Revolver Percentage. All fees accrued until the effective date of any termination of the Aggregate Canadian Revolver Commitments shall be paid on the effective date of such termination.

(c) Termination or Reduction of Commitment of any Defaulting Lenders. If any Revolver Lender becomes a Defaulting Lender hereunder, then, in addition to its rights under Section 10.12, the applicable Borrower and the Administrative Agent (in consultation with the Required Lenders) may, upon notice to such Defaulting Lender, terminate the applicable Revolver Commitment, whether used or unused, of such Defaulting Lender; provided that (i) at the time thereof, no Event of Default shall have occurred and be continuing and (ii) after giving effect thereto, including the adjustment to the Applicable Percentage of each other Revolver Lender resulting therefrom as provided below, and to any concurrent prepayment of the applicable Revolver Loans and Swingline Loans, the applicable Revolver Exposure of any Revolver Lender (excluding any portion thereof attributable to the Revolver Loans of such Defaulting Lender) shall not exceed the applicable Revolver Commitment of such Revolver Lender prior to the termination of the Revolver Commitment of the Defaulting Lender. It is agreed and understood that (x) upon any such termination of the Revolver Commitment of any Defaulting Lender, the Applicable Percentage of such Defaulting Lender and each other Revolver Lender shall, at such time, automatically be adjusted for purposes of determining the applicable Revolver Exposure at such time of such Defaulting Lender and such other Revolver Lender in respect of L/C Obligations and Swingline Loans and for the purpose of determining the respective principal amounts of any new Revolver Loans to be made by the Revolver Lenders (other than the Defaulting Lender), (y) any such termination of the applicable Revolver Commitment of any Defaulting Lender shall not require a prepayment of any Revolver Loan of such Defaulting Lender then outstanding, and (z) each outstanding Revolver Loan of such Defaulting Lender shall continue to be outstanding as part of the applicable borrowing in accordance with the terms hereof and such Defaulting Lender shall be entitled to its pro rata share of any principal or interest payments made on account thereof. In the event that any Revolver Lender shall have become a Defaulting Lender and the Revolver Commitment of such Defaulting Lender shall not have been terminated as provided above within 20 days after receipt by the applicable Borrower of a notice from the Administrative Agent that such Defaulting Lender has become a Defaulting Lender, then such Borrower shall promptly deposit in a collateral deposit account in the name and under the control of Administrative Agent, cash in an amount equal to the Unsupported Amount. Amounts so deposited shall be applied by the Administrative Agent to reimburse the applicable Issuing Lenders and the Swingline Lender for any participation required to be funded by such Defaulting Lender. In the event amounts so deposited with respect to any such Defaulting Lender exceed the Unsupported Amount at any time, the Administrative Agent shall give prompt notice thereof to the applicable Borrower and, unless otherwise specified in writing by such Borrower, shall promptly return to such Borrower cash in an amount of such excess.

2.07 **Repayment of Loans**.

(a) Repayment of US Revolver Loans. The US Borrower shall repay on the Revolver Maturity Date the aggregate principal amount of US Revolver Loans outstanding on such date.

(b) Repayment of Canadian Revolver Advances. The Canadian Borrower shall repay on the Revolver Maturity Date the aggregate principal amount of Canadian Revolver Advances outstanding on such date.

(c) Repayment of Swing Line Loans.

(i) The US Borrower shall repay each US Swing Line Loan on the earlier to occur of (A) the date that is ten Business Days after such Loan is made and (B) the Revolver Maturity Date.

(ii) The Canadian Borrower shall repay each Canadian Swing Line Loan on the earlier to occur of (A) the date that is ten Business Days after such Loan is made and (B) the Revolver Maturity Date.

2.08 **Interest**.

(a) Rates of Interest. Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the Eurodollar Rate for such Interest Period plus the Applicable Rate; (ii) each Base Rate Loan and each US Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; (iii) each Canadian US Dollar Base Rate Loan and each Canadian Swing Line Loan denominated in Dollars shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Canadian US Dollar Base Rate plus the Applicable Rate; (iv) each Canadian Prime Rate Loan and each Canadian Swing Line Loan denominated in Canadian Dollars shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Canadian Prime Rate plus the Applicable Rate.

(b) Increased Rates of Interest in Certain Circumstances. ~~(i)~~ (i) So long as an Event of Default has occurred and is continuing under Section 8.01(a) and (f) or so long as any other Event of Default has occurred and is continuing and upon the request of the Required Lenders, each Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(ii) Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(c) Payment of Interest. Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any Insolvency Proceeding. The covenant to pay interest at the rates provided hereunder shall not merge in any judgment relating to the Obligations.

2.09 **Fees**.

(a) Letter of Credit Fees. The US Borrower shall pay to the Administrative Agent for the account of each US Revolver Lender (other than any Defaulting Lender) in accordance with its US Revolver Applicable Percentage a Letter of Credit fee (the "US Letter of Credit Fee") for each US Letter of Credit equal to the Applicable Rate times the daily amount available to be drawn under such US Letter of Credit. The Canadian Borrower shall pay to the Administrative Agent for the account of each

Canadian Revolver Lender (other than any Defaulting Lender) in accordance with its Canadian Revolver Applicable Percentage a Letter of Credit fee (the "Canadian Letter of Credit Fee") for each Canadian Letter of Credit equal to the Applicable Rate times the daily amount available to be drawn under such Canadian Letter of Credit. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. Letter of Credit Fees shall be (i) computed on a quarterly basis in arrears and (ii) due and payable (x) within fifteen (15) days after the last Business Day of each March, June, September and December in respect of the most recently ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, (y) on the Letter of Credit Expiration Date and (z) thereafter on demand. If there is any change in the Applicable Rate during any quarter, the daily amount available to be drawn under each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, (1) upon the request of the US Revolver Required Lenders, while any Event of Default exists, all US Letter of Credit Fees shall accrue at the Default Rate and (ii) upon the request of the Canadian Revolver Required Lenders, while any Event of Default exists, all Canadian Letter of Credit Fees shall accrue at the Default Rate to the fullest extent permitted by applicable Laws.

(b) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer. The US Borrower shall pay directly to the US L/C Issuer for its own account a fronting fee with respect to each US Letter of Credit, equal to the greater of (i) $500 and (ii) 0.25% per annum, computed on the daily amount available to be drawn under such US Letter of Credit on a quarterly basis in arrears. The Canadian Borrower shall pay directly to the Canadian L/C Issuer for its own account a fronting fee with respect to each Canadian Letter of Credit, equal to the greater of (i) $500 and (ii) 0.25% per annum, computed on the daily amount available to be drawn under such Canadian Letter of Credit on a quarterly basis in arrears. Such fronting fees with respect to each Letter of Credit shall be due and payable (x) within fifteen (15) days after the last Business Day of each March, June, September and December in respect of the most recently-ended quarterly period (or portion thereof, in the case of the first payment), commencing with the first such date to occur after the issuance of such Letter of Credit, (y) on the Letter of Credit Expiration Date and (z) thereafter on demand. For purposes of computing the daily amount available to be drawn under any Letter of Credit, the amount of such Letter of Credit shall be determined in accordance with Section 1.06. In addition, (i) the US Borrower shall pay directly to the US L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the US L/C Issuer relating to letters of credit as from time to time in effect and (ii) the Canadian Borrower shall pay directly to the Canadian L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Canadian L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(c) Revolver Commitment Fees. The US Borrower shall pay to the Administrative Agent for the account of each US Revolver Lender (other than any Defaulting Lender), in accordance with its US Revolver Percentage, a commitment fee equal to the Applicable Commitment Fee Rate times the average daily amount by which the Aggregate US Revolver Commitments exceed the Total US Revolver Exposure (calculated without giving effect to clause (c) of the definition thereof). The Canadian Borrower shall pay to the Administrative Agent for the account of each Canadian Revolver Lender (other than any Defaulting Lender), in accordance with its Canadian Revolver Percentage, a commitment fee equal to the Applicable Commitment Fee Rate times the average daily amount by which the Aggregate Canadian Revolver Commitments exceed the Total Canadian Revolver Exposure (calculated without giving effect to clause (c) of the definition thereof). Such commitment fees shall accrue at all times during the US Revolver Availability Period and the Canadian Revolver Availability Period, as applicable, including at any time during which one or more of the conditions in Section 4.02

are not met, and shall be due and payable quarterly in arrears within fifteen (15) days after the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Closing Date, and on the Revolver Maturity Date.

(d) Stamping Fees. In consideration of each Canadian Revolver Lender's commitment to accept or participate in Bankers' Acceptances or BA Equivalent Advances under this Agreement, the Canadian Borrower will pay to the Administrative Agent for the account of such Canadian Revolver Lender a stamping fee equal to the Applicable Rate per annum indicated as the "Bankers' Acceptances Stamping Fee" multiplied by the face amount of each Bankers' Acceptance or BA Equivalent Advances, as the case may be, accepted by such Canadian Revolver Lender on behalf of the Canadian Borrower under this Agreement, calculated for the number of days in the term of such Bankers' Acceptance or BA Equivalent Advances, as the case may be, and on the basis of a year of 365 days or 366 days, as the case may be. Such stamping fee shall be due and payable on the date on which such Bankers' Acceptances or BA Equivalent Advances, as the case may be, are accepted and shall be deducted from the Discount Proceeds paid to the Canadian Borrower. If the Default Rate is in effect pursuant to Section 2.08 while an Event of Default exists, the Applicable Rate in respect of BAs shall be increased by two percent (2%) per annum.

(e) Other Fees. The Borrowers shall pay to the Administrative Agent for its account fees in the amounts and at the times specified in the Administrative Agent Fee Letter or as otherwise agreed. The Borrowers shall pay to the Arrangers for each of their accounts fees in the amounts and at the times specified in the Arranger Fee Letter or as otherwise agreed. Such fees shall be fully earned when paid and shall not be refundable for any reason whatsoever.

2.10 **Computation of Interest and Fees**. All computations of interest for Base Rate Loans when the Base Rate is determined by Royal Bank of Canada's "prime rate", all computations of interest for Canadian US Dollar Base Rate Loans when the Canadian US Dollar Base Rate is determined by Royal Bank of Canada's "reference rate", all computations of interest for Canadian Prime Rate Loans and all computations of fees with respect to BAs and Canadian Letters of Credit denominated in Canadian Dollars shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365-day year). For the purposes of the Interest Act (Canada), whenever interest payable pursuant to this Agreement or other rates per annum is calculated on the basis of a period other than a calendar year, each rate of interest determined pursuant to such calculation expressed as an annual rate is equivalent to such rate as so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in such period. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid; provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate or fee hereunder shall be conclusively correct and binding for all purposes, absent manifest error.

2.11 **Evidence of Debt**.

(a) Accounts or Records Evidencing Credit Extensions; Promissory Notes. The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business in accordance with its usual practice. The accounts or records maintained by the Administrative Agent and each Lender shall be presumed correct, absent manifest error, of the amount of the Credit Extensions made by the applicable Lenders to the applicable Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of any Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any US Revolver Lender made through the Administrative Agent, the US Borrower shall execute and deliver to such Lender (through the Administrative Agent) a US Revolver Note, which shall evidence such Lender's US Revolver Loans, in addition to such accounts or records. Upon the request of any Canadian Revolver Lender made through the Administrative Agent, the Canadian Borrower shall execute and deliver to such Lender (through the Administrative Agent) a Canadian Revolver Note, which shall evidence such Lender's Canadian Revolver Loans in addition to such accounts or records. Upon the request of the US Swing Line Lender or the Canadian Swing Line Lender, the US Borrower or the Canadian Borrower, as applicable, shall execute and deliver to such Swing Line Lender a US Swing Line Note or Canadian Swing Line Note, as applicable, which shall evidence such Swing Line Lender's US Swing Line Loans or Canadian Swing Line Loans, as applicable, in addition to such accounts or records. Each Lender may attach schedules to each of its Notes and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) Accounts or Records Evidencing Participations in Letters of Credit. In addition to the accounts and records referred to in subsection (a), each US Revolver Lender or Canadian Revolver Lender, as applicable, and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any US Revolver Lender or Canadian Revolver Lender, as applicable, in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.12 **Payments Generally; Administrative Agent's Clawback**.

(a) General. All payments to be made by any Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or set-off. All payments of principal and interest on each Loan shall be made in the currency in which the principal amount of such Loan was funded. All fees in respect of BAs and Canadian Letters of Credit shall be paid in Canadian Dollars and all other fees shall be paid in Dollars. Except as otherwise expressly provided herein, all payments by any Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office and in immediately available funds not later than 1:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each applicable Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 1:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue. If any payment to be made by any Borrower shall come due on a day other than a Business Day, payment shall

be made on the next following Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(b) ~~(i)~~ (i) Funding by Lenders; Presumption by Administrative Agent. Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing of Eurodollar Rate Loans (or, in the case of any Borrowing of Base Rate Loans, Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans, or any Borrowing by way of Bankers~~'~~' Acceptances, prior to 1:00 p.m. on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender~~'~~'s share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.02 (or, in the case of a Borrowing of Base Rate Loans, Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans, that such Lender has made such share available in accordance with and at the time required by Section 2.02) and may, in reliance upon such assumption, make available to the applicable Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the applicable Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount in immediately available funds with interest thereon, for each day from and including the date such amount is made available to such Borrower, to but excluding the date of payment to the Administrative Agent, at (A) in the case of a payment to be made by such Lender, the greater of the Federal Funds Rate (or, as to Canadian Dollar-denominated amounts, the Bank of Canada Rate) and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation and (B) in the case of a payment to be made by any Borrower, the interest rate applicable to Base Rate Loans, Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans, as applicable. If such Borrower and such Lender shall pay such interest to the Administrative Agent for the same or an overlapping period, the Administrative Agent shall promptly remit to such Borrower the amount of such interest paid by such Borrower for such period. If such Lender pays its share of the applicable Borrowing to the Administrative Agent, then the amount so paid shall constitute such Lender~~'~~'s Loan included in such Borrowing. Any payment by any Borrower shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

(ii) Payments by Borrowers; Presumptions by Administrative Agent. Unless the Administrative Agent shall have received notice from the US Borrower or the Canadian Borrower, as applicable, prior to the date on which any payment is due to the Administrative Agent for the account of the applicable Lenders or the Applicable L/C Issuer hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to such Lenders or the Applicable L/C Issuer, as the case may be, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the applicable Lenders or the Applicable L/C Issuer, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or the Applicable L/C Issuer, in immediately available funds with interest thereon, for each day from the date such amount is distributed to it to the date of payment to the Administrative Agent, at the greater of the Federal Funds Rate (or, as to Canadian Dollar-denominated amounts, the Bank of Canada Rate) and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

A notice of the Administrative Agent to any Lender or any Borrower, as applicable, with respect to any amount owing under this subsection (b) shall be conclusively correct, absent manifest error.

(c) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the applicable Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Section 4.02 are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(d) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans, to fund participations in Letters of Credit and Swing Line Loans and to make payments pursuant to Section 10.04(c) are several and not joint. The failure of any Lender to make any Loan, to fund any such participation or to make any payment under Section 10.04(c) on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan, to purchase its participation or to make its payment under Section 10.04(c).

(e) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(f) Currency Indemnity. If a payment relative to any of the Obligations is made to any Agent, any L/C Issuer or any Lender in a currency (the "Other Currency") other than the currency in which such Obligation is denominated (the "Obligation Currency"), whether voluntarily or pursuant to an order of judgment of a court or tribunal of any jurisdiction, such payment will, to the extent permitted by applicable Law, constitute a discharge of the liability in respect of such Obligation only to the extent of the amount of Obligation Currency which such Agent, L/C Issuer or Lender purchases with the amount received at the designated place of payment, such purchase to be at such time as such Agent, L/C Issuer or Lender may reasonably elect, but in any event within three Business Days after receipt of such payment. If the amount of Obligation Currency able to be purchased is less than the amount of Obligation Currency originally due to such Agent, L/C Issuer or Lender in respect to the relevant Obligation, the relevant Borrower will indemnify and save such Agent, L/C Issuer or Lender, as the case may be, harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained herein, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by any Agent, any L/C Issuer or the Lenders and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

2.13 **Sharing of Payments by Lenders**. If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, or the participations in any of the L/C Obligations or Swing Line Loans held by it, resulting in such Lender~~'~~'s receiving payment of a proportion of the aggregate amount of such Loans or participations and accrued interest thereon or fees with respect thereto greater than its pro rata share (other than prepayments made pursuant to Section 3.06(b)) thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans or subparticipations in L/C Obligations or Swing Line Loans, as applicable, of the other applicable Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the applicable Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them; provided that:

(a) if any such participations or subparticipations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations or subparticipations shall be rescinded and the purchase price restored to the extent of such recovery, without interest;

(b) the provisions of this Section shall not be construed to apply to (x) any payment made by any Borrower pursuant to and in accordance with the express terms of this Agreement, (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or subparticipations in L/C Obligations or Swing Line Loans to any assignee or participant, other than to the Borrowers or any Subsidiary thereof (as to which the provisions of this Section shall apply) or (z) any payment received by any Lender pursuant to Section 9.11; and

(c) if any Lender shall exercise a right of set-off or counterclaim with respect to any asset that could be subject to an Enforcement Action and distributed pursuant to Section 9.11 if realized on as a result thereof, the benefit of any payment received as a result of such set-off or counterclaim shall be shared by the Lenders pursuant to this Section 2.13 ratably in accordance with the respective distributions in respect of realizing on such asset to which the Lenders would have been entitled if such asset had been realized on pursuant to an Enforcement Action and the proceeds of such realization distributed pursuant to Section 9.11.

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

2.14 **Borrowing Base Reporting**.

(a) Borrowing Base Procedures. Notwithstanding anything to the contrary contained in this Agreement, the Administrative Agent, in its Permitted Discretion, shall have the right to adjust the procedures and methodologies used to determine the applicable Borrowing Base and/or prepare Borrowing Base Reports to reflect the result of any commercial finance examination or inventory appraisal.

(b) Effectiveness of Borrowing Base. The Borrowing Base at any time shall be determined by reference to the most recent Borrowing Base Report delivered to the Administrative Agent pursuant to Section 6.02(f) and adjusted by the Administrative Agent in the exercise of its Permitted Discretion based upon additional information, if any, received after the date of delivery of any such Borrowing Base Report and, without limiting the foregoing, the Administrative Agent may adjust (i) the amount of Eligible Cash Equivalents included in the Borrowing Base on a daily or other basis as determined by the Administrative Agent in the exercise of its Permitted Discretion and (ii) the Issued but Unused Letter of Credit Value in respect of Letters of Credit issued to support mark to market trading obligations for the account of or on behalf of the Borrowing Base Parties included in the Borrowing Base on a weekly or other basis as determined by the Administrative Agent in the exercise of its Permitted Discretion based on information received pursuant to Section 6.02(f).

(c) Reserves. The Administrative Agent may, at any time and from time to time in the exercise of its Permitted Discretion, establish and increase or decrease Reserves in accordance with the definition thereof and upon not less than five Business Days~~'~~' notice to the Borrowers (unless an Event of Default exists and is continuing). Upon delivery of such notice, the Administrative Agent shall be available to discuss the proposed Reserve or increase, and the Borrowers may take such action as may be required so that the event, condition or matter that is the basis for such Reserve or increase no longer exists, in a manner and to the extent reasonably satisfactory to the Administrative Agent in the exercise

of its Permitted Discretion. In no event shall such notice and opportunity limit the right of the Administrative Agent to establish or change such Reserve, unless the Administrative Agent shall have determined in its Permitted Discretion that the event, condition or other matter that is the basis for such new Reserve or such change no longer exists or has otherwise been adequately addressed by the Borrowers.

2.15 **Incremental Facilities**. Subject to the terms and conditions set forth herein, either Borrower may by notice to the Administrative Agent (whereupon the Administrative Agent shall promptly deliver a copy to each of the Lenders) request increases in the US Revolver Commitments (the "Increased US Revolver Commitments") or increases in the Canadian Revolver Commitments (the "Increased Canadian Revolver Commitments"; together with the Increased US Revolver Commitments, the "Increased Revolver Commitments"); provided that the Increased Revolver Commitments shall be in an aggregate principal amount not in excess of $50,000,000 (the "Aggregate Increased Revolver Commitments"); provided, further, that:

(a) no Default or Event of Default has occurred and is continuing;

(b) the Increased US Revolver Commitments shall be in a principal amount not in excess of the Aggregate Increased Revolver Commitments minus the Increased Canadian Revolver Commitments at such time and not less than $5,000,000 individually (or such lesser amount which shall be approved by the Administrative Agent) and integral multiples of $1,000,000 in excess of that amount;

(c) the Increased Canadian Revolver Commitments shall be in a principal amount not in excess of the Aggregate Increased Revolver Commitments minus the Increased US Revolver Commitments at such time and not less than $5,000,000 individually (or such lesser amount which shall be approved by the Administrative Agent) and integral multiples of $1,000,000 in excess of that amount;

(d) the representations and warranties contained in Article V and the other Loan Documents are true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) immediately before and immediately after the Increased Amount Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall have been true and correct in all material respects as of such earlier date;

(e) before and after giving effect to any Increased US Revolver Commitment or any Increased Canadian Revolver Commitment, the Borrowers shall be in compliance, calculated on the last day of the most recently ended Fiscal Quarter for which financial statements have been delivered pursuant to Section 6.01(a) and 6.01(b), with the financial covenant set forth in Section 7.16 on a pro forma basis after giving effect thereto to the extent such financial covenant is then applicable;

(f) (i) the arrangement, upfront or similar fees in respect of such Increased Revolver Commitments and the extensions of credit thereunder shall be determined by the Borrowers and the applicable Lenders providing such Increased Revolver Commitments, (ii) except as set forth in clause (f)(i) above or, any Increased Revolver Commitments shall be on the same terms and pursuant to the same documentation applicable to the existing Revolver Commitments and (iii) all fees and expenses owing to the Administrative Agent and the Lenders in connection with the Increased Revolver Commitments shall have been paid;

(g) the Borrowers shall have delivered to the Administrative Agent a certificate of each Loan Party dated as of the Increased Amount Date signed by a Responsible Officer of such Loan

Party (i) certifying and attaching the resolutions adopted by such Loan Party approving or consenting to the Increased US Revolver Commitments or the Increased Canadian Revolver Commitments, as applicable, and (ii) certifying the conditions set forth in this Section 2.15 have been satisfied as of the Increased Amount Date; and

(h) the Increased Revolver Commitments shall rank pari passu in right of payment and right of security in respect of the Collateral with the existing Revolver Commitments and shall constitute a part of the US Revolver Facility or Canadian Revolver Facility, as applicable, for all purposes.

Each such notice shall specify the date (each, an "Increased Amount Date") on which the Borrowers propose that the Increased Revolving Commitments shall be effective, which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent. Any bank, financial institution or other Person that elects to extend the Increased Revolver Commitments shall be reasonably satisfactory to the Borrower, the Administrative Agent and the Applicable L/C Issuer (any such bank, financial institution or other Person being called an "Additional Lender") and shall become a Lender under this Agreement pursuant to an amendment (an "Incremental Facility Amendment") giving effect to the modifications permitted by this Section 2.15 and, as appropriate, the other Loan Documents. No Lender shall be obligated to commit to any portion of the Increased Revolver Commitments. An Incremental Facility Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.15; provided, however, that no such amendment in respect of the Increased Revolver Commitments will include any provisions adversely affecting the rights of non-consenting Lenders, except as otherwise contemplated by this Section 2.15. Each Person providing Increased Revolver Commitments (other than any Person that is a Lender) shall be subject to the written consent of the Administrative Agent, each L/C Issuer, each Swing Line Lender and the Borrowers (such approval in each case not to be unreasonably withheld or delayed).

2.16 **Creation of Bankers'' Acceptances**. Upon receipt of a Loan Notice requesting a Borrowing by way of Bankers'' Acceptances, which notice is received by the Administrative Agent not later than 1:00 p.m. two Business Days prior to the requested day of such Borrowing, and subject to the provisions of this Agreement, each Canadian Revolver Lender shall accept, in accordance with its Canadian Revolver Percentage of the requested Borrowing from time to time such Bankers'' Acceptances as the Canadian Borrower shall request; provided that:

(a) Bankers'' Acceptances shall be issued on a Business Day;

(b) each Bankers'' Acceptance shall have a term of 30, 60, 90 or 180 days or, as agreed to by the relevant Canadian Revolver Lenders, 14-29 days (in each case, as reduced or extended by the Administrative Agent, acting reasonably, to allow the maturity thereof to fall on a Business Day), or such other term as agreed to by the Canadian Revolver Lenders, payable in Canada, as selected by the Canadian Borrower in the relevant Loan Notice provided that each Bankers'' Acceptance shall mature on a Business Day;

(c) the aggregate face amount of Bankers'' Acceptances issued in respect of such Loan Notice shall be not less than C$5,000,000 and in multiples of C$1,000,000 for any amounts in excess thereof; and

(d) each Bankers' Acceptance shall be in a form acceptable to the Administrative Agent.

2.17 **Terms of Acceptance by Canadian Revolver Lenders**.

(a) Delivery and Payment. Subject to Sections 2.18 and 2.19 and only if a valid appointment pursuant to Section 2.17(d) is not in place, the Canadian Borrower shall pre-sign and deliver to each Canadian Revolver Lender bankers' acceptance drafts in sufficient quantity to meet the Canadian Borrower's requirements for anticipated Borrowings by way of Bankers' Acceptances. Each Canadian Revolver Lender shall maintain a record with respect to Bankers' Acceptances (i) received by it in blank hereunder, (ii) voided by it for any reason, (iii) accepted by it hereunder and (iv) cancelled at their respective maturities. On request by or on behalf of the Canadian Borrower, a Canadian Revolver Lender shall cancel all forms of Bankers' Acceptances which have been pre-signed or pre-endorsed on behalf of the Canadian Borrower and which are held by such Canadian Revolver Lender and are not required to be issued in accordance with the Canadian Borrower's irrevocable notice. Alternatively, the Canadian Borrower agrees that, at the request of the Administrative Agent, the Canadian Borrower shall deliver to the Administrative Agent a "depository note" which complies with the requirements of the Depository Bills and Notes Act (Canada), and consents to the deposit of any such depository note in the book-based debt clearance system maintained by the Canadian Depository for Securities Limited. The Canadian Borrower shall, at its option, provide for payment to the Administrative Agent for the benefit of the Canadian Revolver Lenders of each Bankers' Acceptance on the date on which a Bankers' Acceptance matures, either by payment of the full face amount thereof, through the rollover of maturing BAs or through utilization of a conversion to another Type of Borrowing in accordance with this Agreement, or through a combination thereof. The Canadian Borrower waives presentment for payment of Bankers' Acceptances by the Canadian Revolver Lenders and shall not claim from the Canadian Revolver Lenders any days of grace for the payment at maturity of Bankers' Acceptances. Any amount owing by the Canadian Borrower in respect of any Bankers' Acceptance which is not paid in accordance with the foregoing, shall, as and from the date on which such Bankers' Acceptance matures, be deemed to be outstanding hereunder as a Canadian Prime Rate Loan.

(b) No Liability. Neither the Administrative Agent nor any of the Canadian Revolver Lenders shall be liable for any damage, loss or improper use of any bankers' acceptance draft endorsed in blank except for any loss arising by reason of its own tortious misconduct.

(c) Notice to Lenders. Upon receipt by the Administrative Agent of a Loan Notice from the Canadian Borrower in connection with a Borrowing by way of Bankers' Acceptances, the Administrative Agent shall promptly notify the Canadian Revolver Lenders thereof.

(d) Power of Attorney. To facilitate the procedures contemplated in this Agreement, the Canadian Borrower appoints each Canadian Revolver Lender from time to time as the attorney-in-fact of the Canadian Borrower to execute, endorse and deliver on behalf of the Canadian Borrower drafts or depository bills in the form or forms prescribed by such Canadian Revolver Lender for Bankers' Acceptances denominated in Canadian Dollars. Each Bankers' Acceptance executed and delivered by a Canadian Revolver Lender on behalf of the Canadian Borrower shall be as binding upon the Canadian Borrower as if it had been executed and delivered by a duly authorized officer of the Canadian Borrower. The foregoing appointment shall cease to be effective, in respect of any Canadian Revolver Lender regarding the Canadian Borrower, three Business Days following receipt by such Canadian Revolver Lender of a written notice from the Canadian Borrower revoking such appointment (which notice shall be copied to the Administrative Agent); provided that any such revocation shall not affect Bankers'

Acceptances previously executed and delivered by such Canadian Revolver Lender pursuant to such appointment.

(e) Pro Rata Treatment of Canadian Revolver Advances.

(i) Each Canadian Revolver Advance shall be made available by each Canadian Revolver Lender and all repayments and reductions in respect thereof shall be made and applied in a manner so that the Canadian Revolver Advances outstanding hereunder to each Canadian Revolver Lender will, to the extent possible, thereafter be pro rata in accordance with such Canadian Revolver Lender's Canadian Revolver Percentage. The Administrative Agent is authorized by the Canadian Borrower and each Canadian Revolver Lender to determine, in its sole and unfettered discretion, the portion of each Canadian Revolver Advance and each Type of Canadian Revolver Advance to be made available by each Canadian Revolver Lender to the Canadian Borrower and the application of repayments and reductions of Canadian Revolver Advances to give effect to the provisions of this Section; provided that no Canadian Revolver Lender shall, as a result of any such determination, have a Canadian Revolver Percentage of the aggregate Canadian Revolver Advances which is in excess of its Canadian Revolver Percentage of the Aggregate Canadian Revolver Commitments.

(ii) In the event it is not practicable to allocate Bankers' Acceptances to each Canadian Revolver Lender such that the aggregate amount of Bankers' Acceptances required to be purchased by such Canadian Revolver Lender hereunder is in a whole multiple of C$100,000, the Administrative Agent is authorized by the Canadian Borrower and each Canadian Revolver Lender to make such allocation as the Administrative Agent determines in its sole and unfettered discretion may be equitable in the circumstances and, if the aggregate amount of such Bankers' Acceptances is not a whole multiple of C$100,000, then the Administrative Agent may allocate (on a basis considered by it to be equitable) the excess of such Canadian Revolver Advance over the next lowest whole multiple of C$100,000 to one Canadian Revolver Lender, which shall purchase a Bankers' Acceptance with a face amount equal to such excess and having the same term as the corresponding Bankers' Acceptances. In no event shall the portion of the outstanding Borrowings by way of Bankers' Acceptances of any Canadian Revolver Lender exceed such Canadian Revolver Lenders' Canadian Revolver Percentage of the aggregate Borrowings by way of Bankers' Acceptances by more than C$100,000 as a result of such exercise of discretion by the Administrative Agent.

(f) BA Equivalent Advances. Each Non-BA Lender may, in lieu of accepting a BA on the date of any Borrowing by way of Bankers' Acceptances, make a BA Equivalent Advance. The amount of each BA Equivalent Advance shall be equal to the Discount Proceeds (with reference to the applicable BA Discount Rate applicable to such Non-BA Lender) which would be realized from a hypothetical sale of those BAs which, but for this subsection, would have been sold to such Non-BA Lender. If such Non-BA Lender does not otherwise have a BA Discount Rate applicable to it, the applicable BA Discount Rate will be calculated as though such Non-BA Lender was a Schedule II BA Reference Bank or a Schedule III BA Reference Bank. Any BA Equivalent Advance shall be made on the relevant date of any Borrowing by way of Bankers' Acceptances, and shall remain outstanding for the term of the corresponding BA. On the maturity date of the corresponding BA, such BA Equivalent Advance shall be repaid in an amount equal to the face amount of a draft that would have been accepted by such Non-BA Lender if such Non-BA Lender had accepted and purchased a BA hereunder. Each BA Equivalent Advance made pursuant to this subsection shall be deemed to be a BA accepted and purchased by such Non-BA Lender pursuant to the terms hereof, and except in this subsection, any

reference to a BA shall include such BA Equivalent Advance.

2.18 **General Procedures for Bankers'' Acceptances**.

(a) Rollovers. In the case of a rollover of maturing Bankers'' Acceptances of the Canadian Borrower, each Canadian Revolver Lender, in order to satisfy the continuing liability of the Canadian Borrower to such Canadian Revolver Lender for the face amount of such maturing Bankers'' Acceptances, shall retain for its own account the Net BA Proceeds of each new Bankers'' Acceptance issued by it in connection with such rollover; and (i) if the Net BA Proceeds are less than the face amount of the maturing Bankers Acceptances, the Canadian Borrower shall, on the maturity date of such maturing Bankers'' Acceptances, pay to the Administrative Agent for the benefit of the Canadian Revolver Lenders an amount equal to the difference between the face amount of such maturing Bankers'' Acceptances and the aggregate Net BA Proceeds of such new Bankers'' Acceptances or (ii) if the Net BA Proceeds exceed the face amount of the maturing Bankers Acceptances, the Administrative Agent shall, on such maturity date pay such excess to the Canadian Borrower.

(b) Conversion from Canadian Prime Rate Loans. In the case of a conversion from a Borrowing of Canadian Prime Rate Loans into a Borrowing by way of Bankers'' Acceptances to be accepted by a Canadian Revolver Lender pursuant to Section 2.16, such Canadian Revolver Lender, in order to satisfy the continuing liability of the Canadian Borrower to it for the principal amount of the Canadian Prime Rate Loans being converted, shall retain for its own account the Discount Proceeds of each new Bankers'' Acceptance issued by it in connection with such conversion; and the Canadian Borrower shall, on the date of issuance of the new Bankers'' Acceptances, pay to the Administrative Agent for the benefit of the Canadian Revolver Lenders an amount equal to the difference between the aggregate principal amount of the Canadian Prime Rate Loans being converted and the aggregate Discount Proceeds of such Bankers'' Acceptances.

(c) Authorization. The Canadian Borrower hereby authorizes each Canadian Revolver Lender to complete, stamp, hold, sell, rediscount or otherwise dispose of all Bankers'' Acceptances of the Canadian Borrower accepted by it pursuant to this Agreement.

(d) Depository Notes. The parties agree that in the administering of Bankers'' Acceptances, each Canadian Revolver Lender may avail itself of the debt clearing services offered by a clearing house for depository notes pursuant to the Depository Bills and Notes Act (Canada) and that the procedures set forth in this Article II be deemed amended to the extent necessary to comply with the requirements of such debt clearing services.

2.19 **Execution of Bankers'' Acceptances**. The signatures of any authorized signatory on Bankers'' Acceptances which are authorized and requested hereunder by the Canadian Borrower may be reproduced in facsimile or other electronic form and such Bankers'' Acceptances bearing such facsimile or other electronic signatures shall be binding on the Canadian Borrower as if they had been manually signed by such authorized signatory. Notwithstanding that any person whose signature appears on any Bankers'' Acceptance as a signatory may no longer be an authorized signatory of the Canadian Borrower at the date of issuance of a Bankers'' Acceptance, and notwithstanding that the signature affixed may be a reproduction only, such signature shall, unless prior to its use the Canadian Borrower has notified the Administrative Agent in writing to contrary, nevertheless be valid and sufficient for all purposes as if such authority had remained in force at the time of such issuance and as if such signature had been manually applied, and any such Bankers'' Acceptance so signed shall be binding on the Canadian Borrower.

2.20 **Prepayment of Bankers' Acceptances**. Any amounts received by the Administrative Agent to be applied to outstanding Bankers' Acceptances, whether pursuant to an Event of Default and acceleration of the Obligations under Section 8.02, a prepayment under Section 2.05 or 2.21, or an Enforcement Action as contemplated by Section 9.11, shall be deposited into a cash collateral account maintained by and in the name of the Administrative Agent for the benefit of the Canadian Revolver Lenders for set-off against such outstanding Bankers' Acceptances as they mature, and pending such application shall bear interest at the rate declared by the Administrative Agent from time to time as that payable by it in respect of deposits for such amount and for such period relative to the maturity date of such Bankers' Acceptances, as applicable. The Canadian Borrower hereby grants to the Administrative Agent, for the benefit of the Canadian Revolver Lenders, a security interest in such cash collateral account and all balances therein. Upon the repayment of all such outstanding Bankers' Acceptances, any amounts remaining (including accrued interest) will (i) during the continuance of an Event of Default, be subject to such remedies as the Administrative Agent for the benefit of the Secured Parties may have hereunder or under applicable Law, or (ii) otherwise, be released to the Canadian Borrower.

2.21 **Currency Fluctuation**. If as a result of fluctuations in currency exchange rates (which shall be calculated by the Administrative Agent on each Revaluation Date and in any case no less often than monthly), the Administrative Agent notifies the Canadian Borrower in writing that the Total Canadian Revolver Exposure exceeds 105% of the Canadian Revolver Maximum Available Amount, the Canadian Borrower shall, within 2 Business Days after receipt of such notice, immediately apply an amount equal to such excess to prepay the Canadian Revolver Loans and the Canadian L/C Borrowings and/or Cash Collateralize outstanding BAs and the Canadian L/C Obligations (other than the Canadian L/C Borrowings) until the Total Canadian Revolver Exposure, net of the amount of Cash Collateral applied to Cash Collateralize BAs and the Canadian L/C Obligations (other than the Canadian L/C Borrowings), does not exceed the Canadian Revolver Maximum Available Amount.

2.22 **Canadian Revolver Adjustments**.

(a) The Canadian Borrower may, by written notice to the Administrative Agent, request that the Administrative Agent and the Canadian Revolver Lenders increase or decrease the Aggregate Canadian Revolver Commitments (a "Canadian Revolver Adjustment"), which request may be granted by one or more Canadian Revolver Lenders, in such Lender's sole discretion, if each of the following conditions are satisfied: (i) no Default or Event of Default shall exist, (ii) only one Canadian Revolver Adjustment may be made in any two Fiscal Quarters, (iii) the written request for a Canadian Revolver Adjustment must be received by the Administrative Agent at least five Business Days prior to the requested date (which shall be a Business Day) of the effectiveness of such Canadian Revolver Adjustment (such date of effectiveness, the "Canadian Revolver Adjustment Date"), (iv) any increase in the Aggregate Canadian Revolver Commitments shall result in a Dollar-for-Dollar decrease in the Aggregate US Revolver Commitments, and vice-versa for any decrease in the Aggregate Canadian Revolver Commitments, (v) no decrease of the Aggregate Canadian Revolver Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Canadian Revolver Loans on the effective date thereof, the Total Canadian Revolver Exposure would exceed Canadian Revolver Maximum Available Amount and (vi) no increase in the Aggregate Canadian Revolver Commitments shall be permitted if, after giving effect thereto and to any prepayments of the US Revolver Loans on the effective date thereof, the Total US Revolver Exposure would exceed the US Revolver Maximum Available Amount. Any such Canadian Revolver Adjustment shall be in an amount equal to $5,000,000

or a multiple of $1,000,000 in excess thereof and shall concurrently increase or reduce, as applicable, (1) the Aggregate US Revolver Commitments then in effect pro rata among the US Revolver Lenders and (2) the Aggregate Canadian Revolver Commitments then in effect pro rata among the Canadian Revolver Lenders. After giving effect to any Canadian Revolver Adjustment, the Canadian Revolver Commitment of each Canadian Revolver Lender shall be equal to such Canadian Revolver Lender's pro rata share of the amount of the Aggregate Canadian Revolver Commitments.

(b) The Administrative Agent shall promptly inform the Canadian Revolver Lenders of any request for a Canadian Revolver Adjustment made by the Canadian Borrower and Canadian Revolver Lenders wishing to participate in such Canadian Revolver Adjustment shall notify the Administrative Agent in writing at least one Business Day prior to the Canadian Revolver Adjustment Date; provided that if the conditions set forth in clause (a) above are not satisfied on the applicable Canadian Revolver Adjustment Date (or, to the extent such conditions relate to an earlier date, such earlier date), the Administrative Agent shall notify the Canadian Borrower in writing that the requested Canadian Revolver Adjustment cannot be effectuated. For the avoidance of doubt, no Lender shall be obligated to agree to any reallocation of its Canadian Revolver Commitment or US Revolver Commitment and no consent of any other Lender shall be required to effectuate a Canadian Revolver Adjustment. On each Canadian Revolver Adjustment Date, the Administrative Agent shall notify the Lenders, on or before 1:00 p.m. (New York time), by telecopier or electronic mail, of the occurrence of the Canadian Revolver Adjustment to be effected on such Canadian Revolver Adjustment Date, the amount of US Revolver Loans held by each US Revolver Lender as a result thereof, the amount of the US Revolver Commitments of each US Revolver Lender, the amount of Canadian Revolver Loans held by each Canadian Revolver Lender as a result thereof, and the amount of the Canadian Revolver Commitment of each Canadian Revolver Lender as a result thereof.

2.23 **US Revolver Adjustments**.

(a) The US Borrower may, by written notice to the Administrative Agent, request that the Administrative Agent and the US Revolver Lenders increase or decrease the Aggregate US Revolver Commitments (a "US Revolver Adjustment"), which request may be granted by one or more US Revolver Lenders, in such Lender's sole discretion, if each of the following conditions are satisfied: (i) no Default or Event of Default shall exist, (ii) only one US Revolver Adjustment may be made in any two Fiscal Quarters, (iii) the written request for a US Revolver Adjustment must be received by the Administrative Agent at least five Business Days prior to the requested date (which shall be a Business Day) of the effectiveness of such US Revolver Adjustment (such date of effectiveness, the "US Revolver Adjustment Date"), (iv) any increase in the Aggregate US Revolver Commitments shall result in a Dollar Equivalent of Canadian Dollar-for-Canadian Dollar decrease in the Aggregate Canadian Revolver Commitments, and vice-versa for any decrease in the Aggregate US Revolver Commitments, (v) no decrease of the Aggregate US Revolver Commitment shall be permitted if, after giving effect thereto and to any prepayments of the US Revolver Loans on the effective date thereof, the Total US Revolver Exposure would exceed the US Revolver Maximum Available Amount and (vi) no increase in the Aggregate US Revolver Commitment shall be permitted if, after giving effect thereto and to any prepayments of the Canadian Revolver Loans on the effective date thereof, the Total Canadian Revolver Exposure would exceed the Canadian Revolver Maximum Available Amount. Any such US Revolver Adjustment shall be in an amount equal to $5,000,000 or a multiple of $1,000,000 in excess thereof and shall concurrently increase or reduce, as applicable, (1) the Aggregate Canadian Revolver Commitments then in effect pro rata among the Canadian Revolver Lenders and (2) the Aggregate US Revolver Commitments then in effect pro rata among the US Revolver Lenders. After giving effect to any US Revolver Adjustment, the US Revolver Commitment of each US Revolver Lender shall be equal to such US Revolver Lender's pro rata share of the amount of the Aggregate US Revolver Commitments.

(b) The Administrative Agent shall promptly inform the Lenders of any request for a US Revolver Adjustment made by the US Borrower and US Revolver Lenders wishing to participate in such US Revolver Adjustment shall notify the Administrative Agent in writing at least one Business Day prior to the US Revolver Adjustment Date; provided that if the conditions set forth in clause (a) above are not satisfied on the applicable US Revolver Adjustment Date (or, to the extent such conditions relate to an earlier date, such earlier date), the Administrative Agent shall notify the US Borrower in writing that the requested US Revolver Adjustment cannot be effectuated. For the avoidance of doubt, no Lender shall be obligated to agree to any reallocation of its Canadian Revolver Commitment or US Revolver Commitment and no consent of any other Lender shall be required to effectuate a US Revolver Adjustment. On each US Revolver Adjustment Date, the Administrative Agent shall notify the Lenders, on or before 1:00 p.m. (New York time), by telecopier or electronic mail, of the occurrence of the US Revolver Adjustment to be effected on such US Revolver Adjustment Date, the amount of Canadian Revolver Loans held by each Canadian Revolver Lender as a result thereof, the amount of the Canadian Revolver Commitments of each Canadian Revolver Lender, the amount of US Revolver Loans held by each US Revolver Lender as a result thereof, and the amount of the US Revolver Commitment of each US Revolver Lender as a result thereof.

ARTICLE III.
TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 **Taxes**.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of any Borrower hereunder or under any other Loan Document shall be made free and clear of and without reduction or withholding for any Indemnified Taxes or Other Taxes except as required by applicable Law; provided that if any Borrower shall be required by applicable Law (as determined in the good faith discretion of the applicable withholding agent) to deduct any Indemnified Taxes (including any Other Taxes) from such payments, then (i) the sum payable shall be increased (and in the case of interest, the amount of interest shall be increased) as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent, Lender or Applicable L/C Issuer, as the case may be, receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall timely pay the full amount deducted to the relevant Governmental Authority or its agent in accordance with applicable Law.

(b) Payment of Other Taxes by the Borrowers. Without limiting the provisions of subsection (a) above, each Borrower shall timely pay to the relevant Governmental Authority or to its agent in accordance with applicable law or at the option of the Administrative Agent timely reimburse it for the payment of, any Other Taxes.

(c) Indemnification by the Borrowers. Each Borrower shall jointly and severally indemnify the Administrative Agent, each Lender and each L/C Issuer, within 15 days after demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 3.01) paid by such Agent, such Lender or such L/C Issuer, as the case may be, and any penalties, interest and reasonable expenses (including reasonable attorneys' and accountants' fees and expenses) arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate prepared in good faith as to the amount of such payment or liability delivered to the applicable Borrower by a Lender or an L/C Issuer (with a copy to the Administrative Agent), or by the Administrative Agent on its own behalf or on behalf of a Lender or an L/C Issuer, shall be conclusive absent manifest error.

(d) Evidence of Payments. Within 30 days after the date of any payment of Indemnified Taxes or Other Taxes by any Borrower to a Governmental Authority, such Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment (to the extent such a receipt is issued), a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Status of Lenders.

(i) Any Lender that is entitled to an exemption from or reduction of withholding Tax with respect to payments made under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if reasonably requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by applicable law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Sections 3.01(e)(ii) and (iii) below) shall not be required if in the Lender~~'~~'s reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(ii) Without limiting the generality of the foregoing:

(A) any Lender that is a United States person as defined in Section 7701(a)(30) of the Code shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), executed copies of IRS Form W-9 certifying that such Lender is exempt from U.S. federal backup withholding tax;

(B) any Lender that is not a United States person as defined in Section 7701(a)(30) of the Code shall, to the extent it is legally entitled to do so, deliver to the Borrower and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Lender becomes a Lender under this Agreement (and from time to time thereafter upon the reasonable request of the Borrower or the Administrative Agent), whichever of the following is applicable:

i in the case of a Lender claiming the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, executed copies of IRS Form W-8BEN or W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the "interest" article of such tax treaty and (y) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN or W-8BEN-E, as applicable, establishing an exemption from, or reduction of, U.S.

federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

ii duly completed copies of Internal Revenue Service Form W-8ECI or any successor form claiming exemption from U.S. federal withholding tax because the applicable income is effectively connected with a U.S. trade or business;

iii in the case of a Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-1 to the effect that such Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (y) executed copies of IRS Form W-8BEN or W-8BEN-E, as applicable;

iv to the extent a Lender is not the beneficial owner, executed copies of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or W-8BEN-E, as applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-2 or Exhibit J-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided that if the Lender is a partnership and one or more direct or indirect partners of such Lender are claiming the portfolio interest exemption, such Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-4 on behalf of each such direct and indirect partner; and

v duly executed copies of CRA form NR-301, NR-302 or NR-303 or any successor forms, as applicable.

(iii) In addition, if requested by any Borrower or the Administrative Agent, each Lender shall deliver such other documentation prescribed by applicable Law or reasonably requested by such Borrower or the Administrative Agent as will enable such Borrower or the Administrative Agent to determine whether or not such Lender is subject to any other exemption from or reduction of withholding tax with respect to payments hereunder or under any other Loan Document, or subject to backup withholding or information reporting requirements. Notwithstanding anything to the contrary in the preceding sentence, the completion, execution and submission of such documentation shall not be required if in the Lender's reasonable judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender.

(iv) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower or the Administrative Agent as may be necessary for the Borrower and the Administrative Agent to comply with their obligations under FATCA and to determine that

such Lender has complied with such Lender~~'~~'s obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (iv), "FATCA" shall include any amendments made to FATCA after the date of this Agreement

(v) On or before the date Royal Bank of Canada (or any successor or replacement Administrative Agent) becomes the Administrative Agent hereunder, it shall deliver to the Borrower two duly executed originals of either (i) Internal Revenue Service Form W-9 (or any successor forms) certifying that it is a U.S. Person and exempt from U.S. federal backup withholding Tax or (ii) a U.S. branch withholding certificate on Internal Revenue Service Form W-8IMY (or any successor forms) evidencing its agreement with the Borrower to be treated as a United States person (as defined in Section 7701(a)(30) of the Code) (with respect to amounts received on account of any Lender) and Internal Revenue Service Form W-8ECI (or any successor forms) (with respect to amounts received on its own account), with the effect that, in either case, the Borrower will be entitled to make payments hereunder to the Administrative Agent without withholding or deduction on account of U.S. federal withholding Tax. The Administrative Agent agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification.

Each Lender agrees that if any form or certification it previously delivered expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower and the Administrative Agent in writing of its legal inability to do so.

(f) Treatment of Certain Refunds. If any Agent, any Lender or any L/C Issuer determines, in its reasonable discretion, that it has received a refund of any Indemnified Taxes or Other Taxes as to which it has been indemnified by any Borrower or with respect to which any Borrower has paid additional amounts pursuant to this Section 3.01, it shall pay to such Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 3.01 with respect to the Taxes or Other Taxes giving rise to such refund), net of all reasonable out-of-pocket expenses of such Agent, such Lender or such L/C Issuer, as the case may be, and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund) (such amount the "Refund Amount"); provided that such Borrower, upon the request of such Agent, such Lender or such L/C Issuer, agrees to repay the Refund Amount (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Agent, such Lender or such L/C Issuer if such Agent, such Lender or such L/C Issuer is required to repay such refund to such Governmental Authority; provided, however, that the Borrowers shall be permitted to refuse receipt of a Refund Amount. This subsection shall not be construed to require any Agent, any Lender or any L/C Issuer to make available its tax returns (or any other information relating to its taxes that it deems confidential) to any Borrower or any other Person, and nothing in this subsection shall be construed so as to interfere with the right of any Agent, any Lender or any L/C Issuer to arrange its tax affairs as it deems appropriate. Notwithstanding anything to the contrary in this paragraph (f), in no event will any Agent, Lender or L/C Issuer be required to pay any amount to an indemnifying party pursuant to this paragraph (f) the payment of which would place the such Agent, Lender or L/C Issuer in a less favorable net after-Tax position than such party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid.

(g) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent, within 10 days after demand therefor, for (i) any Indemnified Taxes attributable to such Lender (but only to the extent that the Borrowers have not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrowers to do so), (ii) any Taxes attributable to such Lender~~'~~'s failure to comply with the provisions of Section 10.06(d) relating to

the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case, that are payable or paid by the Administrative Agent in connection with any Loan Document, and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to any Lender by the Administrative Agent shall be conclusive absent manifest error. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under any Loan Document or otherwise payable by the Administrative Agent to the Lender from any other source against any amount due to the Administrative Agent under this paragraph (g).

3.02 **Illegality**. If (a) any Lender, acting reasonably, determines that any Change in Law occurring after the Closing Date has made it unlawful, or that any Governmental Authority having jurisdiction has asserted after the Closing Date that it is unlawful, for any Lender or its applicable Lending Office to: (i) make, maintain or fund Eurodollar Rate Loans, (ii) make or maintain any Bankers' Acceptances, (iii) determine or charge interest rates based upon the Eurodollar Rate or BA Discount Rate or (iv) to hold or benefit from a Lien over real property pursuant to any Law of the United States or any state therein or Canada or any province or territory thereof, or (b) any Governmental Authority having jurisdiction has, after the Closing Date, imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars in the London interbank market, then, on notice thereof by such Lender to each applicable Borrower through the Administrative Agent, other than in the case of clause (a)(iv) above, any obligation of such Lender to make or continue Eurodollar Rate Loans or accept or rollover Bankers' Acceptances, as applicable, or to convert Base Rate Loans, Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans, as applicable, to Eurodollar Rate Loans or Bankers' Acceptances, as applicable, shall be suspended and, in the case of clause (a)(iv) above, such Lender may disclaim any benefit of such Lien to the extent of such illegality (provided, that such determination or disclaimer shall not invalidate or render unenforceable such Lien for the benefit of any other Lender), in each of the foregoing clauses until such Lender notifies the Administrative Agent and each applicable Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, each applicable Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, other than in the case of clause (a)(iv) above, convert all Eurodollar Rate Loans or Bankers' Acceptances, as applicable, of such Lender to Base Rate Loans, Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans, as applicable, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans or Bankers' Acceptances, as applicable, to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans or Bankers' Acceptances, as applicable. Upon any such prepayment or conversion, such Borrower shall also pay accrued interest on the amount so prepaid or converted.

3.03 **Inability to Determine Rates**. If the Required Lenders determine for any reason in connection with any request for a Eurodollar Rate Loan or a conversion to or continuation thereof, or the Canadian Revolver Required Lenders determine for any reason in connection with any request for a Bankers' Acceptance or a conversion to or rollover thereof, that (a) in the case of a Eurodollar Rate Loan, Dollar deposits are not being offered to banks in the London interbank eurodollar market for the applicable amount and Interest Period of such Eurodollar Rate Loan or (b) adequate and reasonable means do not exist for determining the Eurodollar Rate or BA Discount Rate for any

requested Interest Period with respect to a proposed Eurodollar Rate Loan or proposed Bankers' Acceptance, as applicable, the Administrative Agent will promptly so notify each applicable Borrower and each applicable Lender. Thereafter, the obligation of the applicable Lenders to make or maintain Eurodollar Rate Loans or accepting or maintaining Bankers' Acceptances, as applicable, shall be suspended until the Administrative Agent (upon the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, any Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or any pending request for a Borrowing by way of, conversion to or rollover of Bankers' Acceptances, as applicable, or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans, Canadian US Dollar Base Rate Loans or Canadian Prime Rate Loans, as applicable, in the amount specified therein.

3.04 **Increased Costs; Reserves on Eurodollar Rate Loans**.

(a) Increased Costs Generally. If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, capital adequacy requirement, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement contemplated by Section 3.04(e)) or any L/C Issuer;

(ii) subject any Agent, any Lender, any L/C Issuer or any other recipient of any payment to be made by or on account of any obligation of the Borrowers hereunder to any Taxes (other than (A) Indemnified Taxes and (B) Excluded Taxes) on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto; or

(iii) impose on any Lender or any L/C Issuer or the London or Canadian interbank markets any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurodollar Rate Loans made by such Lender or Bankers' Acceptances accepted by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the actual cost to such Lender of making, continuing, converting into or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or accepting or maintaining any Bankers' Acceptance (or of maintaining its obligation to accept any such Bankers' Acceptance), or to increase the actual cost to such Lender or such L/C Issuer of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or such L/C Issuer hereunder (whether of principal, interest or any other amount), in each case by an amount deemed by such Lender or such L/C Issuer to be material, then, upon request of such Lender or such L/C Issuer and delivery by such Lender or such L/C Issuer of a certificate of the type described in Section 3.04(c), the applicable Borrower (or, if such cost or reduction shall not be attributable to any particular Loan or Letter of Credit, any Borrower) will pay to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such L/C Issuer, as the case may be, for such additional costs actually incurred or reduction suffered.

(b) Capital Requirements. If any Lender or any L/C Issuer determines that any Change in Law affecting such Lender or such L/C Issuer or any Lending Office of such Lender or such Lender's or such L/C Issuer's holding company, if any, regarding capital or liquidity requirements has

or would have the effect of reducing the rate of return on such Lender's or such L/C Issuer's capital or on the capital of such Lender's or such L/C Issuer's holding company, if any, as a consequence of this Agreement, the Commitments of such Lender or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such L/C Issuer, to a level below that which such Lender or such L/C Issuer or such Lender's or such L/C Issuer's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such L/C Issuer's policies and the policies of such Lender's or such L/C Issuer's holding company with respect to capital adequacy), in each case by an amount deemed by such Lender or such L/C Issuer to be material, then from time to time, upon request of such Lender or such L/C Issuer and delivery by such Lender or such L/C Issuer of a certificate of the type described in Section 3.04(c), the US Borrower or the Canadian Borrower, as applicable, will pay to such Lender or such L/C Issuer, as the case may be, such additional amount or amounts as will compensate such Lender or such L/C Issuer or such Lender's or such L/C Issuer's holding company for any actual such reduction suffered.

(c) Certificates for Reimbursement. A certificate of a Lender or an L/C Issuer setting forth the amount or amounts necessary to compensate such Lender or such L/C Issuer or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section and delivered to the applicable Borrower shall be presumed correct absent manifest error. The applicable Borrower shall pay such Lender or such L/C Issuer, as the case may be, the amount shown as due on any such certificate within ten (10) Business Days after receipt thereof.

(d) Delay in Requests. Failure or delay on the part of any Lender or any L/C Issuer to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of such Lender's or such L/C Issuer's right to demand such compensation; provided that no Borrower shall be required to compensate a Lender or an L/C Issuer pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six months prior to the date that such Lender or such L/C Issuer, as the case may be, notifies the applicable Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such L/C Issuer's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) Reserves on Eurodollar Rate Loans. The applicable Borrower shall pay to each applicable Lender, as long as such Lender shall be required to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional interest on the unpaid principal amount of each Eurodollar Rate Loan made to such Borrower by such Lender equal to the actual costs of such reserves allocated to such Loan by such Lender (as determined by such Lender in good faith, which determination shall be conclusive), which shall be due and payable on each date on which interest is payable on such Loan; provided that the applicable Borrower shall have received at least ten (10) days' prior notice (with a copy to the Administrative Agent) of such additional interest from such Lender. If a Lender fails to give notice ten (10) days prior to the relevant Interest Payment Date, such additional interest shall be due and payable ten (10) days from receipt of such notice; provided that no Borrower shall be required to compensate a Lender pursuant to the foregoing provisions of this paragraph for any such additional interest incurred more than six months prior to the date that such Lender notifies the applicable Borrower of such additional interest.

3.05 **Compensation for Losses**. Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the applicable Borrower shall promptly compensate such Lender for and hold such Lender harmless from any actual loss, cost or expense incurred by it as a result of:

(a) any continuation, rollover (in the case of Bankers' Acceptances), conversion, payment or prepayment of any Loan other than a Base Rate Loan, Canadian US Dollar Base Rate Loan or Canadian Prime Rate Loan on a day other than the last day of the Interest Period for such Loan or the term of such Bankers' Acceptance, as applicable (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by any Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue, rollover (in the case of a Bankers' Acceptance) or convert any Loan other than a Base Rate Loan, Canadian US Dollar Base Rate Loan or Canadian Prime Rate Loan on the date or in the amount notified by such Borrower; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of a request by any Borrower pursuant to Section 10.12;

including any actual loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained.

3.06 **Mitigation Obligations; Replacement of Lenders**.

(a) Designation of a Different Lending Office. If any Lender requests compensation under Section 3.04, or any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender gives a notice pursuant to Section 3.02, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 3.01 or 3.04, as the case may be, in the future, or eliminate the need for the notice pursuant to Section 3.02, as applicable, and (ii) in each case, would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrowers hereby agree, jointly and severally, to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) Replacement of Lenders. If any Lender requests compensation under Section 3.04, or if any Lender delivers to the Borrowers a notice pursuant to Section 3.02, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender is a Defaulting Lender, the Borrowers may replace such Lender in accordance with Section 10.12.

3.07 **Survival**. All of the obligations of the Borrowers under this Article III shall survive termination of the Aggregate Revolver Commitments and repayment of all other Obligations hereunder.

ARTICLE IV.
CONDITIONS PRECEDENT TO THIS AGREEMENT AND CREDIT EXTENSIONS

4.01 **Conditions of Agreement**. The effectiveness of this Agreement on the Closing Date is subject to satisfaction or waiver of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies unless otherwise specified, each properly executed by a Responsible Officer of the

signing Loan Party unless otherwise specified, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance reasonably satisfactory to the Administrative Agent:

(i) executed counterparts of (A) this Agreement from each party hereto, (B) the US Security Agreement from the US Loan Parties, (C) the US Guaranty from the US Loan Parties, (D) the US Pledge Agreement from the US Loan Parties, the Canadian Borrower, Niska Canada GP ULC and Niska Gas Storage Ltd., (E) the Canadian Security Agreement and the Canadian IP Security Agreement from the Canadian Loan Parties, (F) the Canadian Guarantee from the Canadian Loan Parties, (G) the ABL Intercreditor Agreement from the Administrative Agent, the Term Administrative Agent and the Loan Parties, (H) any Notes from the Borrowers (if requested by any Lender two Business Days prior to the Closing Date), (I) the Loan Notice for the borrowing of Loans on the Closing Date, (J) the Parent Guaranty from the Parent Affiliates, (K) the Parent Pledge Agreement from the Parent Affiliates, (L) the Notes Pledge Agreement from Swan Debt LP, BIP BIF II Swan AIV LP and Swan Finance LP, (M) the Last-~~Out~~Out Loans Pledge Agreement from the Last-Out Agent, (N) the Last-Out Subordination Agreement from the Last-Out Agent and (O) the Canadian Debentures, in each case, from the Canadian Loan Parties party thereto and (ii) such other documents as the Administrative Agent shall reasonably request in connection with the perfection of the Collateral Agent~~'~~'s security interest in the Collateral, including evidence that all other actions, recordings and filings (including UCC filings) required by this Agreement, the Security Documents and the ABL Intercreditor Agreement on the Closing Date have been satisfied in a manner reasonably satisfactory to the Administrative Agent;

(ii) for each of the Loan Parties:

(A) a copy of such Loan Party~~'~~'s Organization Documents, as amended up to and including the Closing Date, (1) certified (to the extent such certification can be obtained) as of a recent date prior to the Closing Date by the applicable Governmental Authority of such Loan Party~~'~~'s jurisdiction of incorporation, organization or formation, and (2) certified as of the Closing Date by the secretary or assistant secretary of such Loan Party or a Responsible Officer of such Loan Party as being in full force and effect without further modification or amendment;

(B) a good standing certificate or certificate of status from the applicable Governmental Authority of such Loan Party~~'~~'s jurisdiction of incorporation, organization or formation, each dated a recent date prior to the Closing Date;

(C) signature and incumbency certificates of the officers of such Loan Party executing the Loan Documents to which it is a party, dated as of the Closing Date;

(D) duly adopted resolutions of the board of directors or similar governing body of such Loan Party approving and authorizing the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party or by which it or its assets may be bound, certified as of the Closing Date by the secretary or assistant secretary of such Loan Party or a Responsible Officer of such Loan Party, as being in full force and effect without modification or amendment;

(E) (1) original certificates representing the Pledged Equity accompanied by original undated stock powers executed in blank, and (2) original instruments evidencing the Pledged Debt accompanied by original undated powers executed in blank;

(F) such other documents as the Administrative Agent may reasonably request;

(iii) the favorable opinions (addressed to the Administrative Agent and the Lenders) of (A) Latham & Watkins LLP, counsel to the Loan Parties, substantially in the form of Exhibit G-1, (B) Norton Rose Fulbright Canada LLP, Canadian counsel to the Loan Parties, substantially in the form of Exhibit G-2 and (C) Bull, Housser & Tupper LLP, British Columbia counsel to the Loan Parties, substantially in the form of Exhibit G-3;

(iv) the results of a recent lien search in each of the jurisdictions where the Loan Parties are located (within the meaning of the UCC or the PPSA, as applicable) and each other jurisdiction that the Administrative Agent may reasonably request, and such search shall reveal no liens on any assets of the Loan Parties except for liens permitted by Section 7.01 or released or discharged on or prior to the Closing Date pursuant to documentation reasonably satisfactory to the Administrative Agent;

(v) a certificate signed by a Responsible Officer of the Borrowers (it being understood that, with respect to such person executing such certificate as a Responsible Officer, such certificate is provided in such person's capacity as an officer of the Borrowers and not in such person's individual capacity):

(A) certifying that, since March 31, 2016, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect;

(B) certifying that the representations and warranties of each Borrower and each other Loan Party contained in Article V or any other Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) on and as of the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date;

(C) certifying that no Default or Event of Default has occurred and is continuing;

(D) certifying that, as of the Closing Date, there is no action, suit, investigation or proceeding pending or, to the knowledge of any Borrower, threatened in any court or before any arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect; and

(E) certifying as to Section 4.01(b); and

(vi) a certificate of a Responsible Officer of the US Borrower (it being understood that, with respect to the person executing such certificate as a Responsible Officer of the US Borrower, such certificate is provided in such person's capacity as an officer of the US Borrower, and not in such person's individual capacity), in substantially

the form of Exhibit H, attesting to the Solvency of each Loan Party, on a combined basis, as of the Closing Date; and

(vii) (A) a completed US Borrowing Base Report dated as of the Closing Date, setting forth the US Borrowing Base as of December 12, 2016 and (B) a completed Canadian Borrowing Base Report dated as of the Closing Date, setting forth the Canadian Borrowing Base as of December 12, 2016.

(b) The Debt Refinancing shall have been consummated or shall concurrently be consummated as of the Closing Date on terms reasonably satisfactory to the Administrative Agent, and the Administrative Agent shall have received the executed Subordinated Notes Acknowledgment and the Last-Out Loan Documents in a form reasonably satisfactory to the Administrative Agent. After giving effect to the Debt Refinancing and the transactions contemplated hereby, the Loan Parties shall not have any outstanding Indebtedness other than (A) the Obligations and (B) Indebtedness permitted by Section 7.03.

~~(c) [Reserved].~~

~~(d) [Reserved].~~

~~(e) [Reserved].~~

(c) ~~(f)~~ The Administrative Agent shall have received (i) audited consolidated balance sheets of the US Borrower and its Subsidiaries as of each of March 31, 2014, 2015 and 2016 and related consolidated statements of income, shareholders~~'~~' equity and cash flows of the US Borrower and its Subsidiaries for the fiscal years ended March 31, 2014, 2015 and 2016 and (ii) the unaudited consolidated balance sheets of the US Borrower and its Subsidiaries as of September 30, 2016 and related consolidated statements of income, shareholders~~'~~' equity and cash flows of the US Borrower and its Subsidiaries for the year to date period ended September 30, ~~2016.~~2016.

(d) ~~(g)~~ The Administrative Agent shall have received (i) audited consolidated balance sheets of Lodi Gas Storage, L.L.C. as of each of December 31, 2014 and 2015 and related consolidated statements of income, shareholders~~'~~' equity and cash flows of Lodi Gas Storage, L.L.C. for the fiscal years ended December 31, 2014 and 2015 and (ii) the unaudited consolidated balance sheets of the ~~Lodi~~Lodi Parties as of September 30, 2016 and related consolidated statements of income, shareholders~~'~~' equity and cash flows of the ~~Lodi~~Lodi Parties for the year to date period ended September 30, ~~2016.~~2016.

(e) ~~(h)~~ The Administrative Agent shall have received (i) audited consolidated balance sheets of Tres Palacios Gas Storage LLC as of each of December 31, 2014 and 2015 and related consolidated statements of income, shareholders~~'~~' equity and cash flows of Tres Palacios Gas Storage LLC for the fiscal years ended December 31, 2014 and 2015 and (ii) the unaudited consolidated balance sheets of Tres Palacios Gas Storage LLC as of September 30, 2016 and related consolidated statements of income, shareholders~~'~~' equity and cash flows of Tres Palacios Gas Storage LLC for the year to date period ended September 30, ~~2016.~~2016.

(f) ~~(i)~~ The Administrative Agent shall have received the unaudited pro forma combined balance sheet and related pro forma combined statement of income of the Borrowers and

their Restricted Affiliates as of and for the twelve-month period ending September 30, 2016, prepared after giving effect to the Transactions as if the Transactions had occurred as of such date (in the case of such balance sheet) or at the beginning of such period (in the case of the statement of income) (including the notes thereto describing the pro forma adjustments).

(g) ~~(j)~~ The Administrative Agent shall have received insurance certificates and endorsements in accordance with the requirements set forth in Section 6.07.

(h) ~~(k)~~ The Administrative Agent shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation, the PATRIOT Act.

(i) ~~(l)~~ (i) All accrued fees and expenses required to be paid to the Administrative Agent and, the Arrangers on or before the Closing Date shall have been paid and (ii) all fees required to be paid to the Lenders on or before the Closing Date shall have been paid, in each case, to the extent estimated or invoiced at least one (1) Business Day prior to the Closing Date.

(j) ~~(m)~~ Unless waived by the Administrative Agent, the Borrowers shall have paid all fees, charges and disbursements of not more than one US and one Canadian counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent), plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrowers and the Administrative Agent), in each case, to the extent estimated or invoiced at least one (1) Business Day prior to the Closing Date.

Without limiting the generality of the provisions of Section 9.03, for purposes of determining compliance with the conditions specified in this Section 4.01, each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

4.02 **Conditions to ~~all~~All Credit Extensions**. The obligation of each L/C Issuer and each Lender to honor any Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type, or a continuation of Eurodollar Rate Loans or rollover of BAs) is subject to the following conditions precedent:

(a) The representations and warranties of each Borrower and each other Loan Party contained in Article V or any other Loan Document shall be true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date.

(b) No Default or Event of Default shall exist, or would result from such proposed Credit Extension or from the application of the proceeds thereof.

(c) In the case of a Borrowing of US Revolver Loans or US Swing Line Loans or an L/C Credit Extension in respect of US Letters of Credit, after giving effect to such Borrowing or L/C Credit Extension, as applicable, the Total US Revolver Exposure shall not be greater than the US Revolver Maximum Available Amount.

(d) In the case of a Borrowing of Canadian Revolver Loans or Canadian Swing Line Loans or an L/C Credit Extension in respect of Canadian Letters of Credit, after giving effect to such Borrowing or L/C Credit Extension, the Total Canadian Revolver Exposure shall not be greater than the Canadian Revolver Maximum Available Amount.

(e) The Administrative Agent and, if applicable, the Applicable L/C Issuer or the Applicable Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (other than a Loan Notice requesting only a conversion of Loans to the other Type or a continuation of Eurodollar Rate Loans or rollover of BAs) submitted by any Borrower shall (x) be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) through (e) have been satisfied on and as of the date of the applicable Credit Extension and (y) include a calculation based on the most recently delivered US Borrowing Base Report or Canadian Borrowing Base Report, as the case may be, in respect of the matters specified in clauses (c) or (d), as the case may be.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES

Each of the Parent Affiliates (in the case of the representations and warranties set forth in Sections 5.01, 5.02, 5.03, 5.04, 5.14(a) and (b), 5.19, 5.20, 5.21, 5.22, and 5.23 only) and each of the Borrowers represents and warrants to the Administrative Agent and the Lenders that:

5.01 **Existence, Qualification and Power**. Each Parent Affiliate and each Loan Party (a) is duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and is licensed and, to the extent such concept is applicable in such jurisdiction, in good standing, under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, and (d) is in compliance with all applicable Laws; except in each case referred to in clause (b)(i), (c) or (d) to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 **Authorization; No Contravention**. The execution, delivery and performance by each Parent Affiliate and each Loan Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries (other than Liens created under the Security Documents) or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law, except in each case referred to in clause (b) or (c), to the extent such violations could not reasonably be expected to have a Material Adverse Effect.

5.03 **Governmental Authorization; Other Consents**. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority

or any other Person is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, the Parent Affiliates or any Loan Party of this Agreement or any other Loan Document, (b) the grant by the Parent Affiliates or any Loan Party of the Liens granted by it pursuant to the Security Documents, (c) the perfection or maintenance of the Liens created under the Security Documents or (d) to the best of the Parent Affiliates' knowledge and the Loan Parties' knowledge, the exercise by any Agent or any Lender of its rights under the Loan Documents or the remedies in respect of the Collateral pursuant to the Security Documents (other than, in each case, as contemplated by the Loan Documents), except for (i) those that have been obtained, taken, given or made prior to the Closing Date and are in full force and effect, (ii) those filings required after the Closing Date to maintain the validity, perfection and priority of any Liens created under the Security Documents, (iii) those filings required after the Closing Date or the Amendment No. 2 Effective Date, as applicable, to create and perfect any Liens created pursuant to the requirements of Sections 6.12,6.12, 6.13 and 6.18,6.17, (iv) those filings required after the Closing Date or the Amendment No. 2 Effective Date, as applicable, pursuant to the requirements of Section 6.18,6.17, (v) those required in the ordinary course of business of the Loan Parties in order to comply with the requirements of applicable Law (provided that, to the extent non-compliance could reasonably be expected to result in a Material Adverse Effect, they will be obtained by the times required by applicable Law), (vi) those required by applicable Law in connection with any Disposition of Collateral by the Collateral Agent or any other Secured Party in the course of exercising remedies pursuant to the Security Documents, and (vii) to the extent that non-compliance could not reasonably be expected to result in a Material Adverse Effect.

5.04 **Binding Effect**. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Parent Affiliate and each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Parent Affiliate and such Loan Party, enforceable against each Parent Affiliate and each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5.05 **Financial Statements; No Material Adverse Effect**.

(a) Since March 31, ~~2016,~~2017, there has been no event or circumstance either individually or in the aggregate that has had or could reasonably be expected to have a Material Adverse Effect.

(b) The most recent financial statements furnished pursuant to ~~(i)~~ Section 6.01(a)~~, (ii)~~ and Section 6.01(b) ~~and (iii) Section 6.01(c)~~, in each case, were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the ~~Borrowers and their~~US Borrower, BIF II CalGas (Delaware) LLC, BIF II Tres Palacios Aggregator (Delaware) LLC and their respective Subsidiaries in each case, as of the date thereof and their results of operations for the period covered thereby, subject~~, in the case of clause (ii) and (iii),~~ to the absence of footnotes and to normal year-end audit adjustments.

5.06 **Litigation**. Except as set forth on Schedule 5.06, there are no investigations, actions, suits, proceedings, claims or disputes pending or, to the knowledge of any Borrower, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against any Loan Party or against any of the Loan Parties~~'~~' properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (b) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

5.07 **No Default**. No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 **Ownership of Property; Liens**. Each Loan Party has good record (or registered) title in fee simple to, or valid leasehold interests in, or holds other valid rights pursuant to access agreements, petroleum and natural gas leases, trust agreements or other agreements, to, all real property necessary or used in the ordinary conduct of its business, except (a) any deficiency in such rights existing at the time such property was acquired or any other deficiency that would not reasonably be expected to have a Material Adverse Effect and (b) Liens permitted by Section 7.01. Set forth on Schedule 5.08 is a complete and accurate list, as of the ~~Closing~~Amendment No. 2 Effective Date, of the addresses of all real property owned or leased by any Loan Party.

5.09 **Environmental Compliance**. Each Loan Party conducts, from and after the Closing Date, in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on its respective businesses, operations and properties, and as a result thereof the Borrowers have reasonably concluded that such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.10 **Insurance**. The properties of each Loan Party are insured with financially sound and reputable insurance companies not Affiliates of any Loan Party, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the applicable Loan Party operates.

5.11 **Taxes**. ~~(a)~~(a) Each Loan Party has filed all federal and other material tax returns and reports required to be filed (collectively, the "Tax Returns"); all such Tax Returns are true, correct and complete in all material respects; and all material Taxes, charges and other impositions reflected therein or otherwise due and payable have been paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for non-payment thereof, except where contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP.

(b) Except as could not reasonably be expected to have a Material Adverse Effect, (i) no adjustment or penalty relating to any Tax Return has been proposed formally or informally by any Governmental Authority and, to the knowledge of each Loan Party, no basis exists for any such adjustment, (ii) except as set forth on Schedule 5.11, no Tax Return is under audit or examination by and Governmental Authority and no written notice of such an audit or examination or any assertion of any claim for Taxes has been given or made by any Government Authority, (iii) proper and accurate amounts have been withheld by each Loan Party from their respective employees for all periods in full and complete compliance with the tax, social security and unemployment withholding provisions of the applicable Governmental Authority and such withholdings have been timely paid to the respective Governmental Authorities.

(c) Except as could not reasonably be expected to have a Material Adverse Effect, no Loan Party has (i) executed or filed with the IRS, the Canada Revenue Agency or any other Governmental Authority any agreement or other document extending, or having the effect of extending, the period for the filing of any Tax Return or the assessment or collection of any Taxes, or (ii) incurred any obligation under any tax sharing agreement or arrangement.

5.12 **ERISA and Pension Plan Compliance**.

(a) Except as could not reasonably be expected to have a Material Adverse Effect, each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state Laws. Except as could not reasonably be expected to have a Material Adverse Effect, each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of each Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. Except as could not reasonably be expected to have a Material Adverse Effect, each Loan Party and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of each Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) Except as could not reasonably be expected to have a Material Adverse Effect, (i) no ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) no Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) no Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections

4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) no Loan Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA.

(d) No Canadian Loan Party sponsors or participates in, or is required under Applicable Canadian Pension Legislation to sponsor or participate in, any Canadian Pension Plan in respect of any of their employees or former employees in Canada.

5.13 **Subsidiaries; Equity Interests**. As of the ~~Closing~~Amendment No. 2 Effective Date, the Parent Affiliates, the Borrowers, the Lodi Parties and the Tres Palacios Parties have no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.13, and all of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and non-assessable (to the extent applicable) and are owned by a Loan Party in the amounts specified in Part (a) of Schedule 5.13 free and clear of all Liens other than Liens permitted under Section 7.01. As of the ~~Closing~~Amendment No. 2 Effective Date, the Parent Affiliates, the Borrowers, the Lodi Parties and the Tres Palacios Parties have no equity investments in any other corporation or entity other than those specifically disclosed in Part (b) of Schedule 5.13. As of the ~~Closing~~Amendment No. 2 Effective Date, set forth in Part (c) of Schedule 5.13 is a complete and accurate list of all Loan Parties, showing as of the ~~Closing~~Amendment No. 2 Effective Date (as to each Loan Party) the jurisdiction of its organization, the address of its principal place of business or chief executive office and its U.S. taxpayer identification number or, in the case of any non-US Loan Party that does not have a U.S. taxpayer identification number, its unique identification number issued to it by the jurisdiction of its organization.

5.14 **Margin Regulations; Investment Company Act; Permits and Authorizations**.

(a) None of the Parent Affiliates, nor any Loan Party, is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock.

(b) None of the Parent Affiliates, nor any Loan Party, is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

(c) (i) ~~Each~~Subject to Section 6.17(b), e ach Loan Party has obtained and maintains all Permits and Authorizations, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect and (ii) each Loan Party has operated its business in compliance with the provisions of its Permits and Authorizations, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.15 **Disclosure**. No report, financial statement, certificate or other written factual information furnished by or on behalf of any Loan Party to any Agent or any Lender in connection with the transactions contemplated hereby or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading.

5.16 **Compliance with Laws**. Each Loan Party is in compliance with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its businesses, operations or properties, except in such instances in which (a) such requirement of Law

or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.17 **Intellectual Property; Licenses, Etc**. Each Loan Party, to its knowledge, owns, or possesses the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses to intellectual property rights and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of its business, without conflict with the rights of any other Person, except as could not reasonably be expected to have a Material Adverse Effect. To the knowledge of each Borrower, no material slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Loan Party infringes upon any material IP Rights held by any other Person, except as could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of each Borrower, threatened, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.18 **Labor Disputes**. Since the Closing Date, (a) there are no strikes, lockouts or slowdowns against any Loan Party pending, or to the knowledge of the Borrowers, threatened, and (b) all payments due from any Loan Party or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Loan Party or such Subsidiary to the extent required by GAAP, except, in each case, as could not reasonably be expected to have a Material Adverse Effect.

5.19 **Solvency**. ~~Upon~~On the Amendment No. 2 Effective Date after giving effect to Amendment No. 2, the ~~execution of this Agreement, the other Loan Documents and the consummation of the~~issuance of the Secured Senior Notes and the other transactions contemplated ~~hereby~~thereby, each Borrower together with each Guarantor on a combined basis will be Solvent.

5.20 **Perfection, Etc**. ~~Each~~Subject to Section 6.17, e ach Security Document delivered pursuant to this Agreement will, upon execution and delivery thereof, be effective to create (to the extent described therein) in favor of the Agents for the benefit of the Secured Parties, legal, valid and enforceable Liens on, and security interests in, the Collateral described therein to the extent intended to be created thereby and required to be perfected therein, except as to enforcement, as may be limited by applicable domestic or foreign bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors~~'~~' rights generally, general equitable principles (whether considered in a proceeding in equity or at law) and (a) when financing statements and other filings in appropriate form are filed in the offices of the Secretary of State (or other appropriate filing office) of each Loan Party~~'~~'s jurisdiction of organization or formation and applicable documents are filed and recorded in the United States Copyright Office or the United States Patent and Trademark Office and (b) upon the taking of possession or control by the Agents of such Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to the Administrative Agent to the extent possession or control by the Administrative Agent is required by the Security Documents), the Liens created by the Security Documents shall constitute fully perfected

Liens so far as possible under relevant Law on, and security interests in (to the extent intended to be created thereby and required to be perfected under the Loan Documents), all right, title and interest of the grantors in such Collateral in each case free and clear of any Liens other than Liens permitted hereunder.

5.21 **PATRIOT Act; Anti-Terrorism; Anti-Money Laundering, Etc**. ~~(a)~~(a) Each Parent Affiliate, each of the Borrowers and their Restricted Affiliates is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foregoing assets control regulations of the United States Treasury Department (31 C.F.R. Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, (ii) Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, (iii) the PATRIOT Act, (iv) the Proceeds of Crime (Money Laundering and Terrorist Financing Act) (Canada) and (v) any other applicable law with respect to terrorism or money laundering (each of the foregoing, an "Anti-Terrorism Law").

(b) The use of proceeds of the Loans will not violate any Anti-Terrorism Law or any of the foreign asset control regulations of the United States Treasury Department (31 C.F.R. Subtitle B, Chapter V, as amended).

5.22 **FCPA; Anti-Corruption**~~(c)~~. ~~(a)~~(b) (i) None of the Parent Affiliates, the Borrowers or any Restricted Affiliate nor, to the knowledge of the Parent Affiliates and the Borrowers, any director, executive, representative, agent or employees of the Parent Affiliates, any Borrower or their Restricted Affiliates is in violation of, in any material respect, the Foreign Corrupt Practices Act of 1977 (as amended, the "FCPA"), the Corruption of Foreign Public Officials Act (Canada) or any other anti-corruption law applicable to the Parent Affiliates, the Borrowers or their Restricted Affiliates and (ii) to the knowledge of the Parent Affiliates and the Borrowers, none of the Parent Affiliates, the Borrowers, any Restricted Affiliate, any director, executive, representative, agent or employees of the Parent Affiliates, any Borrower or their Restricted Affiliates has violated, in any material respect, the FCPA, the Corruption of Foreign Public Officials Act (Canada) or any other anti-corruption law applicable to the Parent Affiliates, the Borrowers or their Restricted Affiliates.

(b) No part of the proceeds of the Loans will be used, directly, or, to the knowledge of the Parent Affiliates or the Borrowers, indirectly, for any corrupt payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage in violation of the FCPA, the Corruption of Foreign Public Officials Act (Canada) or any other anti-corruption law applicable to the Parent Affiliates, the Borrowers or their Restricted Affiliates.

5.23 **Sanctions**~~(d)~~. ~~(a)~~(a) None of the Parent Affiliates, the Borrowers or any Restricted Affiliate nor, to the knowledge of the Parent Affiliates, the Borrowers, any director or officer of the Parent Affiliates, the Borrowers or their Restricted Affiliates is the subject of any trade or economic sanctions, laws, regulations, embargoes or restrictive measures administered, enacted or enforced by (i) the United States, the Office of Foreign Assets Control of the United States Treasury Department ("OFAC") or the United States Department of State, (ii) the European Union, (iii) the United Kingdom or (iv) Canada or any province or territory thereof (collectively, "Sanctions").

(b) The Borrowers will not knowingly use the proceeds of the Loans or otherwise make available such proceeds to any Person, or for the purpose of financing activities of or with any Person, that at the time of such financing, is the subject of Sanctions to the extent resulting in a violation, in any material respect, of such Sanctions.

5.24 **Status of the ABL Facility as Senior Indebtedness**. The Obligations under the ABL Facility constitute "senior debt", "senior indebtedness", "guarantor senior debt", "senior secured financing" and "designated senior indebtedness" (or any comparable term) under the documentation for all Indebtedness that is subordinated in right of payment to the Obligations.

ARTICLE VI.
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied (other than indemnification or other contingent obligations not yet due and owing), or any Letter of Credit and not Cash Collateralized shall remain outstanding, each of the Parent Affiliates (in the case of the covenant set forth in Section 6.05 only) and the Borrowers shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, and 6.03) cause each of the Loan Parties to:

6.01 **Financial Statements**. Deliver to the Administrative Agent in form and detail reasonably satisfactory to the Administrative Agent:

(a) as soon as available, but in any event within 90 days ~~(120 days in the case of Tres Palacios Holdings LLC)~~ after the end of each Fiscal Year (commencing with the Fiscal Year ending March 31, ~~2017 or December 31, 2016, as applicable), (i)~~2018), a combined consolidated balance sheet of the US Borrower ~~and its~~, BIF II CalGas (Delaware) LLC, BIF II Tres Palacios Aggregator (Delaware) LLC and their respective Subsidiaries, and the related consolidated statements of income or operations, partners~~'~~' capital and cash flows for such Fiscal Year, setting forth in each case (for the Fiscal Year ending March 31, ~~2017~~2018 and each Fiscal Year thereafter) in comparative form the figures for the previous Fiscal Year, ~~(ii) a balance sheet of Lodi Gas Storage, L.L.C., and the related statements of income or operations, partners' capital and cash flows for such Fiscal Year, setting forth in each case (for the Fiscal Year ending December 31, 2016 and each Fiscal Year thereafter) in comparative form the figures for the previous Fiscal Year and (iii) a consolidated balance sheet of Tres Palacios Holdings LLC, and the related consolidated statements of income or operations, partners' capital and cash flows for such Fiscal Year, setting forth in each case (for the Fiscal Year ending December 31, 2016 and each Fiscal Year thereafter) in comparative form the figures for the previous Fiscal Year, and in each case of the foregoing clauses (i), (ii) and (iii), all~~ in reasonable detail and prepared in accordance with GAAP and a Narrative Report with respect thereto, and such statements or consolidated statements, as applicable, to be audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit.

(b) as soon as available, but in any event within, in the case of each other Fiscal Quarter that is not the end of a Fiscal Year, 45 days after the end of such Fiscal Quarter (~~and, in the case of Tres Palacios Holdings LLC, within 75 days after the end of each Fiscal Quarter (including a Fiscal Quarter that is the end of Fiscal Year)) (commencing~~or 75 days with respect to the Fiscal Quarter ending December 31, ~~2016 or March 31, 2017, as applicable), (i) a~~2017), a combined consolidated balance sheet of the US Borrower ~~and its~~, BIF II CalGas (Delaware) LLC, BIF II Tres Palacios Aggregator (Delaware) LLC and their respective Subsidiaries, as at the end of such Fiscal Quarter, and the related consolidated statements of income or operations, partners~~'~~' capital and cash flows for such Fiscal Quarter and for the portion of the Fiscal Year then ended, setting forth in each case (for the Fiscal Quarter ending December

31, ~~2016~~2017 and each Fiscal Quarter thereafter) in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, ~~(ii) a balance sheet of Lodi Gas Storage, L.L.C., as at the end of such Fiscal Quarter, and the related statements of income or operations, partners' capital and cash flows for such Fiscal Quarter and for the portion of the Fiscal Year then ended, setting forth in each case (for the Fiscal Quarter ending March 31, 2017 and each Fiscal Quarter thereafter) in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year and (iii) a consolidated balance sheet of Tres Palacios Holdings LLC, as at the end of such Fiscal Quarter, and the related consolidated statements of income or operations, partners' capital and cash flows for such Fiscal Quarter and for the portion of the Fiscal Year then ended, setting forth in each case (for the Fiscal Quarter ending March 31, 2017 and each Fiscal Quarter thereafter) in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year and in each case of the foregoing clauses (i), (ii) and (iii), all~~ in reasonable detail and prepared in accordance with GAAP and a Narrative Report with respect thereto, and such statements or consolidated statements, as applicable, to be certified by the chief executive officer, chief financial officer, treasurer or controller or other responsible officer of the US Borrower ~~(or, in the case of clauses (ii) and (iii), the Lodi Parties or Tres Palacios, as applicable)~~ as fairly presenting in all material respects the financial condition, results of operations, partners~~'~~' capital and cash flows of the Borrowers and the Restricted Affiliates in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

~~(c) as soon as available, but in any event within, 60 days after the end of a Fiscal Quarter (including any Fiscal Quarter that is the end of a Fiscal Year), a combined balance sheet of the Borrowers, their Subsidiaries, Lodi Gas Storage, L.L.C. and Tres Palacios Holdings LLC, as at the end of such Fiscal Quarter, and the related combined statements of income or operations, partners' capital and cash flows for such Fiscal Quarter and for the portion of the Fiscal Year then ended, setting forth in each case (for the Fiscal Quarters ending December 31, 2016 and each Fiscal Quarter thereafter) in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, all in reasonable detail and a supplemental summary report for the operations of the Borrowers, their Subsidiaries, Lodi Gas Storage, L.L.C. and Tres Palacios Holdings LLC (in detail and form reasonably acceptable to the Administrative Agent) with respect thereto, and such combined statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the US Borrower as fairly presenting in all material respects the financial condition, results of operations, partners' capital and cash flows of the Borrowers, their Subsidiaries, Lodi Gas Storage, L.L.C. and Tres Palacios Holdings LLC, subject to normal year-end audit adjustments and the absence of footnotes.~~

(c) ~~(d)~~ as soon as available during any Cash Dominion Period, but in any event within 45 days after the end of each calendar month during such Cash Dominion Period (other than March, June, September and December), ~~(i)~~ a combined consolidated balance sheet of the US Borrower ~~and its~~, BIF II CalGas (Delaware) LLC, BIF II Tres Palacios Aggregator (Delaware) LLC and their respective Subsidiaries as at the end of such calendar month, and the related consolidated statements of income or operations for such calendar month and for the period from the beginning of the then current Fiscal Year to the end of such calendar month, ~~(ii) a balance sheet of Lodi Gas Storage, L.L.C., as at the end of such calendar month, and the related statements of income or operations for such calendar month and for the period from the beginning of the then current Fiscal Year to the end of such calendar month and (iii) a combined balance sheet of the Borrowers, their Subsidiaries, Lodi Gas Storage, L.L.C. and Tres Palacios Holdings LLC as at the end of such calendar month, and the related combined statements of income or operations for such calendar month and for the period from the beginning of the then current Fiscal Year to the end of such calendar month, and in each case of the foregoing clauses (i), (ii)~~

~~and (iii), all in reasonable detail and in the case of the foregoing clauses (i) and (ii),~~in reasonable detail prepared in accordance with GAAP, and such statements or consolidated statements, as applicable, to be certified by the chief executive officer, chief financial officer, treasurer or controller or other responsible officer of the US Borrower ~~(or, in the case of clause (ii), the Lodi Parties)~~ as fairly presenting in all material respects the financial condition, results of operations, partners~~'~~' capital and cash flows of the entities covered thereby, subject to normal year-end audit adjustments and the absence of footnotes.

6.02 **Certificates; Other Information**. Deliver to the Administrative Agent in form and detail reasonably satisfactory to the Administrative Agent:

(a) concurrently with the delivery of the financial statements referred to in Section 6.01(a), a certificate of its independent certified public accountants certifying such financial statements and stating that in making the examination necessary therefor no knowledge was obtained of any Default or, if any such Default shall exist, stating the nature and status of such event;

(b) concurrently with the delivery of the financial statements referred to in Sections 6.01(a~~)(i~~) and ~~(c~~6.01(b), a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of the US Borrower (not in his or her individual capacity but solely in his or her capacity as an officer of the US Borrower); ~~provided that the US Borrower shall not be required to deliver a Compliance Certificate with the financial statements referred to in Section 6.01(c) for the Fiscal Quarter ending March 31, 2018 and each Fiscal Quarter ending March 31 thereafter;~~

(c) as soon as available, and in any event within the earlier of (x) 60 days after the end of each Fiscal Year and (y) 15 days after approval by the board of directors of the US Borrower, a business and financial plan for the Borrowers and their Restricted Affiliates (in form reasonably satisfactory to the Administrative Agent), prepared or caused to be prepared by a Responsible Officer of the US Borrower, setting forth financial projections and budgets for the Borrowers and their Restricted Affiliates for each Fiscal Quarter for the then current Fiscal Year, which shall include management discussion and analysis supporting any assumptions made therein ("Budget");

(d) promptly after the furnishing thereof, copies of any statement or report, furnished to any holder of debt securities of any Loan Party pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Lenders pursuant to Section 6.01 or any other clause of this Section 6.02;

(e) written notice of the occurrence of a Cash Dominion Period as soon as available, and in any event (x) in the case of a Cash Dominion Period arising on account of the imposition of Reserves, promptly after the occurrence thereof, and (y) in the case of any other Cash Dominion Period, within one (1) Business Day after the occurrence thereof;

(f) (x) within five (5) Business Days after (1) the 1st day of each calendar month (or if such day is not a Business Day, the next succeeding Business Day) and (2) the 15th day of each calendar month (or if such day is not a Business Day, the next succeeding Business Day), beginning on each such day for January 2017:

(i) a US Borrowing Base Report (a "US Borrowing Base Report") in the form of Exhibit I-1, duly completed by a Responsible Officer of the US Borrower, showing the US Borrowing Base as of the close of the 1st day (or if such day is not a Business Day, the next succeeding Business Day) or 15th day (or if such day is not a

Business Day, the next succeeding Business Day) of such calendar month, as applicable, and conforming with the requirements of Section 2.14; and

(ii) a Canadian Borrowing Base Report (a "Canadian Borrowing Base Report") in the form of Exhibit I-2, duly completed by a Responsible Officer of the Canadian Borrower, showing the Canadian Borrowing Base as of the close of the 1st day (or if such day is not a Business Day, the next succeeding Business Day) or 15th day (or if such day is not a Business Day, the next succeeding Business Day) of such calendar month, as applicable, and conforming with the requirements of Section 2.14;

provided that, at any time Excess Liquidity is less than 25% of the Line Cap, such Borrowing Base Reports shall be delivered on each Friday (or the next succeeding Business Day if such day is not a Business Day or if such day is the day immediately following January 1 or July 4) of each calendar week, showing the US Borrowing Base and the Canadian Borrowing Base as of the immediately preceding Monday; provided, further, that the US Borrower or the Canadian Borrower may deliver a US Borrowing Base Report or Canadian Borrowing Base Report, as applicable, at such additional times as it may elect, so long as (1) such Borrowing Base Report conforms with the requirements of Section 2.14 and (2) the applicable Borrower shall continue to deliver such Borrowing Base Reports on such frequency for a period of at least 60 days. Each Borrowing Base Report shall be accompanied by such supporting information as the Administrative Agent may reasonably require, including the following: (1) supporting detail for each item included in the Borrowing Base, (2) consolidated payables and receivables and offsets to determine net receivables, (3) Debt Rating information used determine Approved Eligible Receivables, (4) a summary worksheet, (5) additional information reporting on Hedge Positions as the Administrative Agent may reasonably require and (6) additional information in respect of outstanding Letters of Credit issued to support mark to market trading obligations for the account of or on behalf of the Borrowing Base Parties, including the Issued but Unused Letter of Credit Value thereof, as the Administrative Agent may reasonably require.

In addition, the Borrowers shall deliver to the Administrative Agent on each Friday (or the next succeeding Business Day if such day is not a Business Day or if such day is the day immediately following January 1 or July 4) of each calendar week, additional information as of the immediately preceding Monday in respect of outstanding Letters of Credit issued to support mark to market trading obligations for the account of or on behalf of the Borrowing Base Parties, including the Issued but Unused Letter of Credit Value thereof, as the Administrative Agent may reasonably require.

(g) If requested by the Administrative Agent, the Loan Parties (other than BIF II Tres Palacios ~~Holdings~~Aggregator (Delaware) LLC) shall permit and cooperate with an environmental and safety review made in connection with the operations of such Loan Parties~~'~~' properties no more frequently than one time during each Fiscal Year, by Environmental Resources Management or such other consultants selected by the Administrative Agent and reasonably acceptable to the Borrowers, all at such Loan Parties~~'~~' cost and expense; provided that the approval of the Borrowers shall not be required if a Default or Event of Default has occurred and is continuing at the time of such selection by the Administrative Agent. The consultant shall render a verbal or written report, as specified by the Administrative Agent, based upon such review at such Loan Parties~~'~~' cost and expense, and a copy of any such written report will be provided to the Borrowers;

(h) as soon as available, but in any event within 90 days after the end of each Fiscal year, a report summarizing the insurance coverage (specifying type, amount and carrier) in effect for each Loan Party and containing such additional information as the Administrative Agent, or any Lender through the Administrative Agent, may responsibly specify;

(i) on each Friday (or the next succeeding Business Day if such day is not a Business Day or if such day is the day immediately following Thanksgiving, December 25, January 1 or July 4) of each calendar week, a report as of the immediately preceding Business Day of all Loan Parties'' Positions in form and detail satisfactory to the Administrative Agent and certifying that such Positions are in compliance with the Risk Management Policy;

(j) [reserved]; and

(k) promptly, such additional information regarding the business, financial or corporate affairs of the Borrowers and the Restricted Affiliates as the Administrative Agent or any Lender (through the Administrative Agent) may from time to time reasonably request.

Except for the Compliance Certificates referenced in Section 6.02(b), the Administrative Agent shall have no obligation to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by any Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents. Each Borrower hereby acknowledge that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders and the L/C Issuers materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on IntraLinks or another similar electronic system (the "Platform") and (b) certain of the Lenders may be "public side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrowers or their securities) (each a "Public Lender"). Each Borrower hereby agrees that, so long as any Borrower is the issuer of any outstanding debt securities or equity securities that are registered or issued pursuant to a private offering or is actively contemplating issuing any such securities, (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," each Borrower shall be deemed to have authorized the Administrative Agent, the Arrangers, the L/C Issuers and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrowers or their securities for purposes of United States Federal and state securities laws (provided that, to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 10.06(h)); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor," and (z) the Administrative Agent and the Arrangers shall be entitled to treat the Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor." Notwithstanding the foregoing, the provisions of this paragraph shall only be applicable to the extent any Borrower has issued any public securities.

6.03 **Notices**.

(a) Promptly notify the Administrative Agent and each Lender of the occurrence of any Default; and

(b) Promptly notify the Administrative Agent and each Lender:

(i) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(ii) of the occurrence of any ERISA Event; and

(iii) of any material change in accounting policies or financial reporting practices by any Loan Party.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the applicable Loan Party setting forth details of the occurrence referred to therein and stating what action such Loan Party has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document, the breach of which gave rise to the Default described in such notice.

6.04 **Payment of Taxes**. Pay and discharge as the same shall become due and payable, all its material tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, which, if unpaid, would by law become a Lien upon its property, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the applicable Loan Party.

6.05 **Preservation of Existence, Etc**. (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization; provided, however, that the Borrowers and their Restricted Affiliates may consummate any merger, consolidation or other transfer of assets as permitted by Section 7.05 or 7.06, (b) take all reasonable action to maintain all rights, privileges, Permits and Authorizations and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.06 **Maintenance of Properties**. (a) Maintain, manage and operate all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted, (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) use the standard of care typical in the industry in the operation and maintenance of its facilities.

6.07 **Maintenance of Insurance**. ~~(a)~~ (a) Maintain with financially sound and reputable insurance companies not Affiliates of any Loan Party, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons and providing (i) with respect to liability policies, for endorsements listing the Administrative Agent as an additional insured (subject to the ABL Intercreditor Agreement), as its interests may appear, (ii) that such policies may not be canceled or reduced or affected in any material manner for any reason without 30 days prior notice to the Administrative Agent, and (c) for any other matters specified in any applicable Security Document.

(b) If at any time the area in which the Mortgaged Properties are located is designated (i) a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), obtain flood insurance in such total amount as the Administrative Agent may from time to time reasonably require in respect of compliance with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as it may be amended from time to time, or (ii) a "Zone 1" area, obtain earthquake insurance in such total amount as

customary for similarly situated Persons engaged in the same or similar businesses as the Borrowers and their Restricted Affiliates.

6.08 **Compliance with Laws**. Comply in all respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.09 **Books and Records**. Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the applicable Loan Party.

6.10 **Inspection Rights; Commercial Finance Examinations**.

(a) Permit representatives and independent contractors (subject to the execution and delivery by such independent contractors of an appropriate confidentiality undertaking) of the Administrative Agent to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers and independent public accountants, at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrowers; provided that (i) unless an Event of Default exists and is continuing, the Administrative Agent may do each of the foregoing only once during each Fiscal Year at the expense of the Borrowers, (ii) when an Event of Default exists, the Administrative Agent (or any of its representatives or independent contracts) may do any of the foregoing at the expense of the Borrowers at any time during normal business hours and with advance notice, and (iii) the right of representatives and independent contractors of the Administrative Agent to visit and inspect the Suffield Facility shall be subject to the Canadian Loan Parties'' ability to provide such access rights to the Suffield Facility under applicable Laws and applicable Contractual Obligation.

(b) ~~Twice~~Once during each calendar year commencing with the calendar year ending December 31, ~~2017,~~2018, at reasonable times during normal business hours and upon reasonable prior notice, permit commercial financial examiners appointed by the Administrative Agent to conduct a commercial finance examination of the businesses and assets of the Loan Parties and, in connection with any such examination, to have full access to and the right to examine, audit, make abstracts and copies from, and inspect the Loan Parties'' inventory and other property and locations and records, files, books of account and all other documents, instruments and agreements to which a Loan Party is a party. The Borrowers shall pay all reasonable costs and expenses of the Administrative Agent associated with any such examination pursuant to the immediately preceding sentence; provided that the Administrative Agent shall provide the Borrowers with a reasonably detailed accounting of all such expenses; provided, further, that (i) at any time after the date on which Excess Liquidity is less than 20% of the Line Cap, the Administrative Agent may conduct up to ~~three~~two (~~3~~2) such field examinations in the following twelve-month period and (ii) the Administrative Agent may conduct as many field examinations at the expense of the Borrowers as it deems reasonable in its Permitted Discretion during the existence and continuance of an Event of Default, in each case at the expense of the Borrowers.

6.11 **Use of Proceeds**. Use the proceeds of Revolver Loans and other extensions of credit hereunder to fund Unreimbursed Amounts as provided under Section 2.03(c), for the Debt Refinancing, working capital, capital expenditures and Investments permitted

hereunder, Restricted Payments permitted hereunder and for other lawful corporate, partnership or limited liability company purposes of the US Borrower and its Subsidiaries, the Tres Palacios Parties and the Lodi Parties.

6.12 **Additional Guarantors and Grantors**. Upon the formation (including as a result of a conversion from one corporate form to another) of any new or indirect Subsidiary (other than any Excluded Subsidiary or any CFC ~~or any Subsidiary of Tres Palacios~~) or acquisition of any new direct or indirect Subsidiary (other than any Excluded Subsidiary or any CFC ~~or any Subsidiary of Tres Palacios~~) by any Loan Party, promptly notify the Administrative Agent of such formation or acquisition and promptly thereafter (and in any event within 30 days after such formation or acquisition (or, 90 days in the case of Mortgages and other documentation related thereto), at the Borrowers~~'~~' expense:

(i) cause such Subsidiary to (A) (1) if such Subsidiary is organized under the laws of any jurisdiction of the United States, become a party to the US Guaranty as "Guarantor" thereunder by executing and delivering to the Administrative Agent a supplement to the US Guaranty in the form specified therein, and (2) if such Subsidiary is organized under the laws of Canada or any province or territory thereof or any other jurisdiction, become a party to the Canadian Guarantee as a "Guarantor" thereunder by executing and delivering to the Administrative Agent a supplement to the Canadian Guarantee in the form specified therein, and (B) deliver to the Administrative Agent documents of the types referred to in clause (ii) of Section 4.01(a); and, if requested by the Administrative Agent, customary opinions of counsel to such Subsidiary, all in form, content and scope reasonably satisfactory to the Administrative Agent;

(ii) (A) cause all of the Equity Interests in such Subsidiary to be pledged to the Collateral Agent to secure the Secured Obligations by executing and delivering to the Collateral Agent (1) if such Subsidiary is organized under the laws of any jurisdiction of the United States, a supplement to the US Pledge Agreement in the form specified therein, and (2) if such Subsidiary is organized under the laws of Canada or any province or territory thereof or any other jurisdiction, a supplement to the Canadian Security Agreement in the form specified therein, (B) pursuant to the applicable Pledge Agreement, deliver or cause the applicable Subsidiary to deliver to the Administrative Agent all certificates and stock powers (to the extent such Equity Interests are certificated) and other documents required by such Pledge Agreement with respect to all such Equity Interests, (C) take or cause the applicable Subsidiary to take such other actions as may be reasonably necessary to provide the Collateral Agent with a first priority perfected pledge of and security interest in such Equity Interests (subject to Liens permitted under Section 7.01), and (D) if requested by the Administrative Agent, deliver or cause the applicable Subsidiary to deliver to the Administrative Agent documents of the types referred to in clause (ii) of Section 4.01(a) and customary opinions of counsel, all in form, content and scope, reasonably satisfactory to the Administrative Agent; provided that, notwithstanding anything to the contrary, under no circumstances shall any Loan Party be required to pledge more than 66% of the Equity Interests of any CFC;

(iii) cause such Subsidiary to (A) (1) if such Subsidiary is organized under the laws of any jurisdiction of the United States, become a party to the US Security Agreement as a "Grantor" thereunder by executing and delivering to the Administrative Agent a supplement to the US Security Agreement in the form specified therein, and (2) if such Subsidiary is organized under the laws of Canada or any province or territory thereof or any other jurisdiction, become a party to the Canadian Security Agreement as a "Grantor" or

"Debtor" thereunder by executing and delivering to the Administrative Agent a supplement to the Canadian Security Agreement the forms specified therein, (B) take whatever action (including delivering proper financing statements in form appropriate for filing under the UCC or PPSA, as applicable) may be necessary in the opinion of the Collateral Agent to vest in the Collateral Agent, for the benefit of the Secured Parties, a first priority perfected security interest (subject to Liens permitted under Section 7.01) in the assets purported to be subject to the applicable Security Agreement and (C) if requested by the Administrative Agent, deliver to the Administrative Agent additional security and other agreements and customary opinions of counsel, all in form, content and scope reasonably satisfactory to the Administrative Agent; and

(iv) cause such Subsidiary to (A) duly execute and deliver to the Collateral Agent one or more Mortgages (with respect to Material Real Properties only), as specified by and in form and substance reasonably satisfactory to the Administrative Agent securing payment of all the Obligations under the Loan Documents and establishing Liens on all such properties, (B) take, whatever action (including the recording of Mortgages (with respect to Material Real Properties only)) as specified by the Administrative Agent as may be necessary or advisable in the reasonable opinion of the Administrative Agent to vest in the Collateral Agent (or in any representative of the Administrative Agent designated by it) valid and subsisting Liens on the properties purported to be subject to the Mortgages, delivered pursuant to this Section 6.12, enforceable against all third parties in accordance with their terms, (C) deliver to the Administrative Agent, a signed copy of one or more opinions relating to the Mortgages, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties reasonably acceptable to the Administrative Agent as to such matters as the Administrative Agent may reasonably request, (D) deliver to the Administrative Agent with respect to each Material Real Property owned in fee by a Subsidiary that is the subject of such request, title reports, fully paid American Land Title Association Lender~~'~~'s Extended Coverage title insurance policies or the equivalent or other form available in the applicable jurisdiction in form and substance, with endorsements and in an amount reasonably acceptable to the Administrative Agent (not to exceed the value of the Material Real Properties covered thereby) and American Land Title Association/American Congress on Surveying and Mapping form surveys or the equivalent or other form available in the applicable jurisdiction in form and substance, and (E) at any time and from time to time, promptly execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent in its reasonable judgment may deem necessary or desirable in obtaining the full benefits of, or in perfecting and preserving the Liens of, such Mortgages.

Notwithstanding anything in this Section 6.12 to the contrary, (A) the Administrative Agent may, in its Permitted Discretion, lengthen the foregoing time periods and otherwise modify (with the consent of the Borrowers) the foregoing requirements and may waive the foregoing requirements to the extent that the cost of obtaining a security interest in the foregoing Collateral is excessive (as reasonably determined by the Administrative Agent) in relation to the benefits to the Lenders, and (B) no Person that is a Restricted Affiliate as of the Closing Date shall be designated a CFC as a result of this Section 6.12.

6.13 **Further Assurances**. ~~(a)~~ (a) Promptly upon reasonable request by the Administrative Agent, (1) correct any material defect or error in the execution, acknowledgment, filing or recordation of any Loan Document; and (2) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent may reasonably require from time to time in order to (i) perfect and maintain the validity,

effectiveness and priority of any of the Security Documents and any of the Liens intended to be created thereunder and (ii) assure, convey, grant, and confirm more effectively unto the Secured Parties the rights granted or now or hereafter intended to be granted to the Secured Parties under any Loan Document or under any other instrument executed in connection with any Loan Document to which any Loan Party is or is to be a party.

(b) If any Loan Party acquires Material Real Property after the Closing Date, the Borrowers shall, or cause the applicable Loan Party to, within 90 days after the applicable acquisition date (or such longer period, as the Administrative Agent may agree) (1) duly execute and deliver to the Administrative Agent, Mortgages for any such Material Real Property in forms reasonably acceptable to the Administrative Agent, (2) take, whatever action (including the recording of such Mortgages) as specified by the Administrative Agent as may be necessary or advisable in the reasonable opinion of the Administrative Agent to vest in the Collateral Agent valid and subsisting Liens on the properties purported to be subject to the Mortgages and enforceable against all third parties in accordance with their terms, (3) deliver to the Administrative Agent, a signed copy of one or more opinions relating to the Mortgages, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties reasonably acceptable to the Administrative Agent as to such matters as the Administrative Agent may reasonably request, (4) deliver to the Administrative Agent with respect to each Material Real Property owned in fee by a Subsidiary that is the subject of such request, title reports, fully paid American Land Title Association Lender~~'~~'s Extended Coverage title insurance policies or the equivalent or other form available in the applicable jurisdiction in form and substance, with endorsements and in an amount reasonably acceptable to the Administrative Agent (not to exceed the value of the Material Real Property covered thereby) and American Land Title Association/American Congress on Surveying and Mapping form surveys or the equivalent or other form available in the applicable jurisdiction in form and substance, and (5) promptly execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent in its reasonable judgment may deem necessary or desirable in obtaining the full benefits of, or in perfecting and preserving the Liens of, such Mortgages.

6.14 **Environmental Matters; Environmental Reviews**. ~~(a)~~(a) Comply in all material respects with all Environmental Laws now or hereafter applicable to such Loan Party and its properties and assets, obtain all Permits and Authorizations necessary for its operations and maintain all such Permits and Authorizations in full force and effect (in each case, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect), and conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all applicable Environmental Laws. Each Loan Party will promptly pay and discharge when due all material debts, claims, liabilities and obligations with respect to any clean-up or remediation measures necessary to comply with Environmental Laws unless, in each case, the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves required by GAAP are being maintained by the applicable Loan Party.

(b) Promptly furnish to the Administrative Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by any Loan Party, or of which it has notice, pending or threatened against any Loan Party, by any Governmental Authority with respect to any alleged violation of or noncompliance with any Environmental Laws or any Permits and Authorizations in connection with its ownership or use of its

properties or the operation of its business that could be reasonably expected to result in a material liability.

(c) Promptly furnish to the Administrative Agent all requests for information, notices of claim, demand letters, and other notifications, received by any Loan Party in connection with its ownership or use of its properties or the conduct of its business, relating to potential responsibility with respect to any investigation, clean up of or exposure to Hazardous Material at any location that could be reasonably expected to result in a material liability.

6.15 **Deposit Accounts, Securities Accounts and Commodities Accounts**.

(a) Except (i) as otherwise approved in writing by the Administrative Agent, and (ii) Excluded Accounts, each Loan Party shall enter into, and cause each depository, securities intermediary or commodities intermediary to enter into, Control Agreements providing for "springing" cash dominion with respect to each deposit, securities, commodity or similar account maintained by such Person as of and after the Closing Date (herein called a "Controlled Account"); provided, that with respect to each such account on the Closing Date, the Loan Parties shall, within ninety (90) calendar days after the Closing Date (or such longer period of time as may be agreed to by Administrative Agent in its discretion), enter into, and cause each depository, securities intermediary or commodities intermediary to enter into, such Control Agreements. Except (i) as otherwise approved in writing by the Administrative Agent, and (ii) with respect to Excluded Accounts, the Loan Parties shall cause all payments received by them each day to be promptly deposited following receipt, in deposit accounts subject to "springing" Control Agreements and cause all funds in such deposit accounts to be transferred to a concentration account or concentration accounts on terms reasonably acceptable to the Administrative Agent that is subject to a "springing" Control Agreement. With respect to accounts subject to "springing" Control Agreements, unless and until a Cash Dominion Period has occurred and is continuing, the Administrative Agent shall not deliver to the relevant depository, securities intermediary or commodities intermediary a notice or other instruction which provides for exclusive control over such account by Collateral Agent. On the ~~Closing~~Amendment No. 2 Effective Date, the Borrowers shall deliver to the Administrative Agent Schedule 6.15, describing all deposit accounts, securities accounts and commodities accounts of the Loan Parties in form and substance reasonably acceptable to the Administrative Agent, which schedule shall be revised promptly upon any change therein in a manner sufficient to notify the Administrative Agent of such change. With respect to any Control Agreements in existence on the Amendment No. 2 Effective Date, such Control Agreements shall be sufficient to satisfy the obligations in this Section 6.15 with respect to the deposit accounts, securities accounts and commodities accounts of the Loan Parties covered thereby.

(b) The Administrative Agent hereby appoints each of the Administrative Agent, the L/C Issuers and the Lenders to serve as its bailee to perfect the Administrative Agent[2]'s Liens in any Collateral in the possession of such L/C Issuer or Lender. Each of the Administrative Agent, the L/C Issuers and the Lenders possessing any Collateral agrees to so act as bailee for the Administrative Agent in accordance with the terms and provisions hereof and the ABL Intercreditor Agreement. In furtherance of the foregoing, each of the Administrative Agent, the L/C Issuers and the Lenders acknowledges that certain of the Loan Parties maintain deposit accounts, securities accounts and commodity accounts at one or more of the Administrative Agent, L/C Issuers and Lenders (collectively, the "Lender Party Accounts" and individually, a "Lender Party Account"). Each L/C Issuer and Lender agrees to hold each and every Lender Party Account maintained with it as bailee for the Administrative Agent to perfect the security interests held therein for the benefit of the Secured Parties. Prior to the receipt by the Administrative Agent, L/C Issuer or Lender of notice from the Administrative Agent that it is exercising exclusive control over (or, in the case of any Lender Party Account maintained in Canada, enforcing its security interest in) any controlled Account (a "Notice of Exclusive Control"), the Loan Parties are entitled to

make withdrawals from the Lender Party Accounts and make deposits into and give entitlement orders with respect to the Lender Party Accounts. The Administrative Agent may provide such Notice of Exclusive Control only during a Cash Dominion Period. Once the Administrative Agent, L/C Issuer or Lender has a Notice of Exclusive Control, which such notice shall be given only during a Cash Dominion Period, the Borrowers, the Administrative Agent, the L/C Issuers and the Lenders hereby agree that the Administrative Agent shall be the only party entitled to make withdrawals from or otherwise give any entitlement order or other direction with respect to the Lender Party Accounts or any funds or financial assets on deposit therein. To the extent not already occurring, L/C Issuers and Lenders agrees to transfer, in immediately available funds by wire transfer to the Administrative Agent, the amount of the collected funds credited to the deposit accounts which are Lender Party Accounts held by such L/C Issuer or Lender, and deliver to the Administrative Agent all moneys or instruments relating to such Lender Party Accounts or held therein and any other Collateral at any time the Administrative Agent demands payment or delivery thereof after a Notice of Exclusive Control has been delivered to the Administrative Agent, L/C Issuer or Lender. Each Loan Party agrees that the L/C Issuers and Lenders are authorized to immediately deliver all the Collateral to the Administrative Agent upon the Administrative Agent's, L/C Issuer's or Lender's receipt of a Notice of Exclusive Control from the Administrative Agent. After a Notice of Exclusive Control has been delivered to the Administrative Agent, L/C Issuer or Lender, such L/C Issuer or Lender shall not exercise any right of set-off or banker lien against any Lender Party Account; provided, that the foregoing shall not be construed to prohibit the Administrative Agent, acting for the benefit of the Secured Parties (as defined in the ABL Intercreditor Agreement), from exercising any right of set-off or banker lien against any Lender Party Account; provided, further, that each of the Administrative Agent, L/C Issuers and Lenders shall be entitled to charge, or set-off against a Lender Party Account and retain for its own account, any customary fees, costs, charges and expenses owed to it in connection with the opening, operating and maintaining such Lender Party Account and for the amount of any item credited to such Lender Party Account that is subsequently returned for any reason.

6.16 **Risk Management Review**. In the Administrative Agent's discretion, once during each Fiscal Year commencing with the Fiscal Year beginning March 31, 2017, permit third party risk management professionals appointed by the Administrative Agent to conduct a risk management review of the businesses and assets of the Loan Parties and, in connection with such examination, to have full access to and the right to examine, audit, make abstracts and copies from, and inspect the Loan Parties' records, files, books of account and all other documents, instruments and agreements to which a Loan Party is a party (subject to the execution and delivery by such third party risk management professionals of an appropriate confidentiality undertaking). The Borrowers shall pay, jointly and severally, all reasonable costs and expenses of the Administrative Agent associated with any such review. The Administrative Agent shall furnish any written report of the results of any such review to the Lenders and to the Borrowers.

6.17 **Post-Closing Covenant**.

(a) Within the time periods specified on Schedule 6.17 hereto (as each may be extended ~~by the Administrative Agent in its sole discretion, and with respect to items 1 and 2 in Schedule 6.17, as may be~~or waived by the Administrative Agent in its sole discretion), complete such undertakings as are set forth on Schedule 6.17 hereto; and

(b) ~~The~~On or after the Amendment No. 2 Effective Date, the Borrowers shall use commercially reasonable efforts to file for and obtain any necessary regulatory approvals from the CPUC (1) approving the Guarantees provided by Lodi Gas Storage, L.L.C. and Wild Goose Storage LLC under the US Guaranty and (2) authorizing Lodi Gas Storage, L.L.C. and Wild Goose Storage LLC to grant security interests in all of their PUC Collateral, including the Lodi Facility

and the Wild Goose Facility, in favor of the Secured Parties~~. In connection with the foregoing, promptly upon approval by the CPUC of the foregoing, the Borrowers shall (A) duly execute and deliver to the Administrative Agent, Mortgages for the Lodi Facility and Wild Goose Facility, and any other PUC Collateral, as set forth in item 2 to Schedule 6.17 hereto, (B) take whatever action (including the recording of such Mortgages) as specified by the Administrative Agent as may be necessary or advisable in the reasonable opinion of the Administrative Agent to vest in the Collateral Agent valid and subsisting Liens on the properties and PUC Collateral purported to be subject to the Mortgages and enforceable against all third parties in accordance with their terms, (C) deliver to the Administrative Agent, a signed copy of one or more opinions relating to the Mortgages, addressed to the Administrative Agent and the other Secured Parties, of counsel for the Loan Parties reasonably acceptable to the Administrative Agent as to such matters as the Administrative Agent may reasonably request, and (D) deliver to the Administrative Agent with respect to the Lodi Facility and the Wild Goose Facility and any other PUC Collateral, title reports, fully paid American Land Title Association Lender's Extended Coverage title insurance policies or the equivalent or other form available in the applicable jurisdiction in form and substance, with endorsements and in an amount reasonably acceptable to the Administrative Agent (not to exceed the value of the property covered thereby) and American Land Title Association/American Congress on Surveying and Mapping form surveys or the equivalent or other form available in the applicable jurisdiction in form and substance.~~, in each case, with respect to the ABL Facility as in effect on the Amendment No. 2 Effective Date. The Borrowers shall promptly execute and deliver any and all further instruments and documents and take all such other action as the Administrative Agent in its reasonable judgment may deem necessary or desirable in obtaining the full benefits of, or in perfecting and preserving the Liens of, such security interests ~~and/or~~; *provided* that no Mortgages shall be required in connection with the PUC Collateral.

6.18 **Compliance with Anti-Terrorism Laws, Anti-Money Laundering Laws and Embargoed Persons**.

(a) Conduct its business in such manner so as to not, directly or indirectly, (i) deal in or otherwise engage in any transaction relating to, any property or interests in property, blocked pursuant to any applicable Anti-Terrorism Law or (ii) engage in or conspire to engage in any transaction that violates, or attempts to violate, any of the material prohibitions set forth in any Anti-Terrorism Law.

(b) (i) Use funds or properties of the Borrowers or their Restricted Affiliates to repay the Loans only to the extent such funds or properties do not constitute, to the knowledge of the Borrowers, property of, or is beneficially owned, to the knowledge of the Borrowers, directly or indirectly, by any Person that is identified on (x) the "List of Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any similar list of comprehensively sanctioned persons maintained by OFAC pursuant to any authorizing statute, including, but not limited, the International Economic Powers Act (50 U.S.C. §§1701 *et seq*.), The Trading with the Enemy Act (50 U.S.C. App. 1 *et seq*.) and any Executive Order or any applicable Law promulgated thereunder or any similar laws or regulations that apply to the Borrowers or their Restricted Affiliates (including, for certainty, any similar laws or regulations of Canada or any province or territory thereof) or (y) the Executive Order, any related enabling legislation or any other similar Executive Orders (each such person in (x) and (y), an "Embargoed Person") or (ii) to the knowledge of the Borrowers, allow any Embargoed Person to have any direct or indirect interests in the Borrowers or their Restricted Affiliates, in each case, that results in the investment in the Borrowers or their Restricted Affiliates (whether directly or indirectly) being prohibited by any applicable Law or the Loans made by the Lenders (whether directly or indirectly) being in violation of any applicable Law.

6.19 **Maintenance of Borrowing Capacity under the Last-Out Credit Agreement**. If the necessary regulatory approvals from the CPUC and the Guarantees and security interests contemplated by Section 6.17(b) have not yet been obtained, provided and granted on terms reasonably satisfactory to the Administrative Agent prior to November 1, 2018, the US Borrower shall maintain, for the period November 1, 2018 through and including December 2, 2018, the ability to borrow under the Last-Out Credit Agreement in a principal amount equal to or greater than the US Borrowing Base attributable to each of Lodi Gas Storage, L.L.C. and Wild Goose Storage LLC during such period (as determined by the Administrative Agent in its Permitted Discretion).

ARTICLE VII.
NEGATIVE COVENANTS

So long as any Lender shall have any Revolver Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit and not Cash Collateralized shall remain outstanding, in each case, other than indemnification and other contingent obligations not yet due and owing, the Parent Affiliates shall not (in the case of the covenant set forth in Section 7.18 only) and Borrowers shall not, nor shall the Borrowers permit the Restricted Affiliates to:

7.01 **Liens**. Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens pursuant to any Loan Document and the ~~Term Loan~~Secured Senior Notes Documents;

(b) Liens existing on the Closing Date and listed on Schedule 7.01 and any renewals or extensions thereof; provided that (i) the amount of Indebtedness, if any, secured or benefited thereby is not increased except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder, (ii) the direct or any contingent obligor or obligors with respect thereto are not changed and (iii) any renewal or extension of the Indebtedness secured or benefited thereby is permitted by Section 7.03(b);

(c) Liens for Taxes not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) carriers', warehousemen's, mechanics', contractors', materialmen's, builders', repairmen's, possessors', shippers', operators' or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(e) pledges or deposits (or Liens on segregated deposits established for such purpose) in the ordinary course of business in connection with workers' compensation, unemployment insurance, other social security or social insurance legislation and other similar obligations other than any Lien imposed by ERISA;

(f) deposits (or Liens on segregated deposits established for such purpose) to secure the performance of bids, tenders, trade contracts and leases (other than Indebtedness), statutory

obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case incurred in the ordinary course of business;

(g) easements, encroachments, covenants running with the land, rights-of-way, servitudes, zoning restrictions and other similar encumbrances affecting real property incurred in the ordinary course of business which, with respect to all of the foregoing, do not secure the payment of Indebtedness of any Loan Party, which could not reasonably be expected to have a Material Adverse Effect;

(h) Liens securing judgments and attachments in connection with court proceedings not constituting an Event of Default under Section 8.01(h);

(i) Liens in the nature of a right of distraint or a power of distress contained in any and all agreements pertaining to the ownership and operations of any Natural Gas Storage Facility (including without limitation any natural gas storage leases, licenses and/or unit agreements) and associated property and assets, including without limitation any operating leases of any Canadian Subsidiary that constitute Liens under the Laws of Canada or any province or territory thereof;

(j) (i) Liens securing Indebtedness permitted under Section 7.03(d); provided that (A) such Liens do not at any time encumber any property other than the property financed by such Indebtedness, (B) the Indebtedness secured thereby does not exceed the cost or fair market value, whichever is lower, of the property being acquired on the date of acquisition and (C) such Liens shall be created contemporaneously with, or within 45 days after, the acquisition of the property financed by such Indebtedness, (ii) Liens securing Indebtedness incurred pursuant to Section 7.03(l) and (iii) Liens in the form of a Letter of Credit securing Indebtedness incurred pursuant to Section 7.03(n);

(k) (i) Liens under or with respect to accounts with brokers or counterparties with respect to Swap Contracts consisting of cash, commodities or futures contracts, options, securities, instruments, and other like assets securing only Swap Contracts permitted under Section 7.03(c), and (ii) Liens arising solely by virtue of any statutory or common law provision relating to banker~~'~~'s liens, rights of set-off or similar rights;

(l) rights reserved to or vested in any Governmental Authority by the terms of any right, power, agreement, transfer, franchise, grant, lease, license or permit, or by any provision of Law, to revoke or terminate any such right, power, agreement, transfer, franchise, grant, lease, license or permit or to condemn or acquire by eminent domain, expropriation or similar process or to require annual or other periodic payments as a condition of the continuance thereof;

(m) rights reserved to or vested in any Governmental Authority by the terms of any right, power, agreement, transfer, franchise, grant, lease, license or permit, or by any provision of Law, in any manner, control or regulate any of the properties of the Borrowers or any of their Restricted Affiliates or the use thereof or the rights and interests of the Borrowers or any of its Restricted Subsidiaries therein, in any manner under the terms of any right, power, agreement, transfer, franchise, grant, lease, license or permit, or by any provision of Law;

(n) rights reserved to the grantors, lessors or licensors of any properties or interests therein of the Borrowers or any Restricted Affiliate, and the restrictions, conditions, restrictive covenants and limitations in respect thereof, pursuant to the terms, conditions and provisions of any permits, licenses, leases (including any natural gas storage leases and/or unit agreements), transfers or assignments, operating agreements, access agreements, rights-of-way agreements, contracts or other agreements associated therewith;

(o) with respect to any leasehold interest in real property, liens, judgments or other encumbrances on the fee or other superior title interest to which such leasehold interest is subject;

(p) any restriction imposed by applicable Law or under the access agreements in respect of a Natural Gas Storage Facility, including without limitation the Suffield Facility on the ability of the applicable Canadian Loan Party or any other Person to access a Natural Gas Storage Facility, including without limitation the Suffield Facility; provided that any such restriction could not reasonably be expected to have a Material Adverse Effect;

(q) ~~[Reserved];~~Liens on and pledges of the Equity Interests of any Unrestricted Subsidiary owned by a Loan Party or any Subsidiary of a Loan Party to the extent securing Non-Recourse Debt or other Indebtedness of such Unrestricted Subsidiary;

(r) Liens in favor of customs and revenue authorities arising as a matter of law to secure the payment of customs duties in connection with the importation of goods in the ordinary course of business;

(s) [Reserved];

(t) Liens upon specific items of inventory or other goods and proceeds arising in the ordinary course of business securing such Person~~'~~'s obligations in respect of bankers~~'~~' acceptances issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(u) [Reserved];

(v) Liens on cash or cash equivalents used to defease or to satisfy or discharge Indebtedness and any interest, penalties or fees relating to such Indebtedness; provided that such defeasance or satisfaction and discharge is not prohibited hereunder;

(w) [Reserved];

(x) customary non-assignment provisions in hydrocarbon purchase and sale, storage or exchange agreements or similar operational agreements or licenses, sublicenses, leases or subleases, in each case entered into in the ordinary course of business and consistent with past practices; and

(y) Liens securing obligations to a public utility, municipality or Governmental Authority with respect to operations conducted in respect of any assets;

provided that none of the foregoing exceptions shall permit any Loan Party to create, incur, assume or suffer to exist any Lien on any Accounts, inventory, cash or investment securities which constitute Collateral, unless such Lien has been accounted for in the most recently calculated Borrowing Base, except (A) Liens permitted under clauses (a), (c), (e), and (f), (B) Permitted Natural Gas Liens, (C) Liens permitted under clause (k) above in connection with any Hedge Positions in Brokers Accounts to secure Swap Contracts permitted under Section 7.03(c) with the broker that is the holder of such Hedge Positions in Brokers Accounts and (D) statutory liens and liens arising under customary Natural Gas transportation agreements in favor of transporters and carriers of Natural Gas permitted under clause (d) above.

7.02 **Investments**. Make or hold any Investments, except:

(a) Investments by the Borrowers or their Restricted Affiliates in the form of Cash Equivalents;

(b) (i) Investments by the Borrowers or their Restricted Affiliates in any Loan Party and (ii) Investments by any Subsidiary of the Borrowers or their Restricted Affiliates that is not a Loan Party in any other Subsidiary of the Borrowers or their Restricted Affiliates that is not a Loan Party;

(c) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(d) Guarantees permitted by Section 7.03;

(e) Investments existing on the Closing Date and set forth on Schedule 7.02;

(f) [Reserved];

(g) Investments in Swap Contracts permitted by Section 7.04;

(h) Hedge Positions in Brokers Accounts;

(i) advances to officers, directors and employees of any Loan Party made in the ordinary course of business for business-related expenses in an aggregate outstanding amount for all Loan Parties not to exceed $1,000,000 at any time;

(j) Investments resulting from the forgiveness or conversion to equity of any Indebtedness permitted by Section 7.03;

(k) [Reserved];

(l) loans to employees, officers or directors of the Borrowers or their Restricted Affiliates in connection with management incentive plans; provided that such loans represent cashless transactions pursuant to which such employees, officers or directors directly invest the proceeds of such loans in the Equity Interests of the US Borrower;

(m) Investments of any Person in existence at the time such Person becomes a Subsidiary of the Borrowers or any Restricted Affiliate; provided that such Investment was not made in connection with or in anticipation of such Person becoming a Subsidiary;

(n) Investments in connection with the Transactions;

(o) Investments in newly formed Subsidiaries (other than any Excluded Subsidiary or any CFC ~~or any Subsidiary of Tres Palacios~~) if the requirements of Section 6.12 are complied with;

(p) (i) Investments arising directly out of the receipt of non-cash consideration for any Disposition of assets permitted under Section 7.06 and (ii) Investments resulting from pledges and deposits permitted by Section 7.01;

(q) any Investment in any Subsidiary that is not a Loan Party to the extent such Investment is substantially contemporaneously repaid in full with a dividend or other distribution from such Subsidiary;

(r) [Reserved];

(s) [Reserved]; and

(t) unlimited additional Investments; provided that at the time any such Investment is made, the Payment Conditions are satisfied.

7.03 **Indebtedness**. Create, incur, assume or suffer to exist any Indebtedness, except:

(a) ~~(i)~~ Indebtedness under the Loan Documents ~~and (ii) Indebtedness under the Term Loan Documents in an aggregate principal amount not exceeding $175,000,000 and any Permitted Refinancings thereof~~;

(b) Indebtedness outstanding on the Closing Date and listed on Schedule 7.03 and any refinancings, refundings, renewals or extensions thereof; provided that (i) the amount of such Indebtedness is not increased at the time of such refinancing, refunding, renewal or extension except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder, and (ii) the terms of such refinancing, refunding, renewal or extension are no less favorable to such Loan Party, the Administrative Agent or the Lenders than the original Indebtedness;

(c) obligations (contingent or otherwise) existing or arising under any Swap Contract to the extent that such Swap Contract is not prohibited by the Risk Management Policy at the time such Swap Contract is in effect;

(d) Indebtedness in respect of Capital Lease Obligations, Synthetic Lease Obligations and purchase money obligations for fixed or capital assets within the requirements set forth in Section 7.01(j); provided that the aggregate amount of all such Indebtedness at any one time outstanding shall not exceed $5,000,000 and Guarantees (other than by the Lodi Parties) in respect of any such Indebtedness;

(e) ~~(i)~~ Indebtedness of any Loan Party owing to the Borrowers or their Restricted Affiliates and Guarantees in respect of any such Indebtedness;

(f) to the extent constituting Indebtedness, obligations with respect to surety, performance and appeal bonds obtained in the ordinary course of business;

(g) ~~[Reserved];~~Indebtedness in respect of the Dutch Notes and any Permitted Refinancing thereof;

(h) Indebtedness in respect of the Secured Senior Notes and any Guarantees with respect thereto, in each case, as of the ~~Closing~~Amendment No. 2 Effective Date *plus* any accrued pay-in-kind interest, capitalized interest, accrued interest, fees, discounts, premiums and expenses, in each case, in respect thereof and any Permitted Refinancings thereof;

(i) Indebtedness of any Subsidiary of the Borrowers or any Restricted Affiliate that is not a Loan Party owing to the Borrowers or any Restricted Affiliate that is a Loan Party to the extent otherwise permitted under Section 7.02 and Guarantees by any Loan Party (other than by the Lodi Parties) of Indebtedness of any Subsidiary of the Borrowers or any Restricted Affiliate that is not a Loan Party to the extent such Guarantee would be permitted by Section 7.02(t);

(j) Indebtedness in respect of netting services, automatic clearinghouse arrangements and other cash management and similar arrangements in the ordinary course of business;

(k) ~~[Reserved];~~the incurrence by a Loan Party or any of its Subsidiaries of liability in respect of Indebtedness of any Unrestricted Subsidiary of a Loan Party but only to the extent that such liability is the result of (i) such Loan Party's or any such Subsidiary's being a general partner or member of, or owner of an Equity Interest in, such Unrestricted Subsidiary and not as guarantor of such Indebtedness and provided that after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (k) and then outstanding does not exceed $25,000,000 or (ii) the pledge of (or a guarantee limited in recourse solely to) Equity Interests in such Unrestricted Subsidiary held by such Loan Party or such Subsidiary to secure such Indebtedness and solely to the extent such Indebtedness constitutes Non-Recourse Debt;

(l) Indebtedness of Subsidiaries of the Borrowers or any Restricted Affiliate that are not Loan Parties in respect of lines of credit, letters of credit, bank guarantees, factoring arrangements, sale/leaseback transactions and similar extensions of credit in the ordinary course of business, in an aggregate principal amount at any one time outstanding not to exceed an amount equal to $10,000,000;

(m) Indebtedness in respect of workers~~'~~' compensation claims, bank guarantees, warehouse receipts or similar facilities, property casualty or liability insurance, self-insurance obligations, performance, bid and surety bonds and completion guaranties, in each case in the ordinary course of business;

(n) Indebtedness to the extent supported by a Letter of Credit, in a principal amount not in excess of the stated amount of such Letter of Credit;

(o) [Reserved];

(p) Indebtedness in respect of trade letters of credit issued in the ordinary course of business;

(q) unsecured Guarantees made in the ordinary course of business; provided that such Guarantees are not of Indebtedness for borrowed money;

(r) Indebtedness representing deferred compensation to employees incurred in the ordinary course of business;

(s) Subordinated ~~Debt~~Debt in respect of the Subordinated Notes and any Guarantees with respect thereto, in each case, as of the Closing Date *plus* any accrued pay-in-kind interest, capitalized interest, accrued interest, fees, discounts, premiums and expenses, in each case, in respect thereof; and

(t) Subordinated ~~Debt~~Debt permitted to be incurred under the Last-Out Credit Agreement.

7.04 **Swap Contracts**. Be a party to or in any manner be liable on any Swap Contract, except those entered into in accordance with the Risk Management Policy.

7.05 **Fundamental Changes**. Merge, amalgamate or consolidate with or into another Person, dissolve, liquidate or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Event of Default would result therefrom:

(a) any Subsidiary of the Parent Affiliates (other than a Borrower) may merge, consolidate or amalgamate with (i) a Borrower; provided that such Borrower shall be a continuing or surviving Person, or (ii) any one or more other Wholly Owned Subsidiaries of the Parent Affiliates; provided that when any Guarantor is merging, consolidating or amalgamating with any Wholly Owned Subsidiary of a Borrower that is not a Guarantor, such Guarantor shall be a continuing or surviving Person;

(b) any Subsidiary that is not a Loan Party may Dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding-up or otherwise) to any other Subsidiary that is not a Loan Party;

(c) any Subsidiary of the Parent Affiliates may Dispose of all or substantially all of its assets (upon voluntary liquidation, dissolution, winding-up or otherwise) to a Loan Party;

(d) [Reserved];

(e) Dispositions permitted by Section 7.06 and any merger, dissolution, liquidation, consolidation, investment or Disposition, the purpose of which is to effect a Disposition permitted by this Section 7.05;

(f) any Investment expressly permitted by Section 7.02 may be structured as a merger, consolidation or amalgamation; and

(g) ~~the~~the Borrowers and their Restricted Affiliates may consummate the Transactions.

7.06 **Dispositions**. Make any Disposition, except:

(a) Dispositions of obsolete or worn out equipment, whether now owned or hereafter acquired, in the ordinary course of business;

(b) Dispositions of inventory and Cash Equivalents in the ordinary course of business;

(c) Dispositions of equipment or real property or other property not constituting Collateral for fair market value (other than equipment or real property or other property of the Lodi Parties or Wild Goose Storage LLC) unless the Disposition could reasonably be expected to have a Material Adverse Effect on the fair market value of the Collateral on the date of such Disposition;

(d) Dispositions of property by the Borrowers or any Restricted Affiliate to any other Borrower or another Restricted Affiliate; provided that if a Restricted Affiliate that is a Guarantor is Disposing of property, the transferee thereof must be a Borrower or another Guarantor;

(e) Dispositions permitted by Section 7.02, 7.05 and 7.07;

(f) Dispositions of Cushion Gas for fair market value or in connection with any sale-leaseback transactions, in each case, subject to the Risk Management Policy; provided that the net proceeds of such Dispositions shall not exceed an aggregate amount equal to $10,000,000;

(g) the Disposition of any Excluded Subsidiary;

(h) the sale or discount, in each case without recourse and in the ordinary course of business, of overdue accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof consistent with customary industry practice (and not as part of any bulk sale or financing of receivables);

(i) transfers of condemned Property as a result of the exercise of "eminent domain" or other similar policies to the respective Governmental Authority or agency that has condemned the same (whether by deed in lieu of condemnation or otherwise), and transfers of properties that have been subject to a casualty to the respective insurer of such Property as part of an insurance settlement; ~~and~~

(j) the Disposition of other assets for fair market value (with the cash or Cash Equivalent component thereof not being less than 75% of the aggregate consideration) not to exceed in any fiscal year an amount equal to 7.5% of the Consolidated Tangible Assets of the US Borrower as of the date of the financial statements then most recently delivered pursuant to Section 6.01(a);

(k) any Tres Palacios Disposition; and

(l) the sale or other disposition of Equity Interests of an Unrestricted Subsidiary ;

provided that, promptly after any Non-Ordinary Course Asset Disposition, the applicable Borrower shall deliver to the Administrative Agent a Non-Ordinary Course Borrowing Base Certificate as of the date of consummation of such Non-Ordinary Course Asset Disposition and, if required, shall comply with Section 2.05 and as of the date of any such Disposition and after giving effect thereto, no Event of Default shall exist and be continuing.

7.07 **Restricted Payments**. Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) (i) each Subsidiary of the Borrowers and the Restricted Affiliates may make Restricted Payments to Borrowers and the Restricted Affiliates that is a Loan Party and any other Person that owns a direct Equity Interest in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made and (ii) each Subsidiary of Borrowers and the Restricted Affiliates that is not a Loan Party may make Restricted Payments to any other Subsidiary of Borrowers and the Restricted Affiliates that is not a Loan Party and any other Person that owns a direct Equity Interest in such Subsidiary, ratably according to their respective holdings of the type of Equity Interest in respect of which such Restricted Payment is being made;

(b) the Borrowers and their Restricted Affiliates may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person;

(c) for so long as the US Borrower is a partnership or disregarded as an entity separate from its owner for U.S. federal income tax purposes, the US Borrower may declare and make dividend payments or other distributions on or after the date that is ninety days after the end of each taxable year of the US Borrower (or its owner if the US Borrower is disregarded as an entity that is separate from its owner for U.S. federal income tax purposes) that ends after the Closing Date in an amount equal to the product of (A) the taxable income of the US Borrower, as determined for U.S. federal income tax purposes by assuming for this purpose that the US Borrower is a partnership for U.S. federal income tax purposes, in respect of each such taxable year ending after the Closing Date, and taking into account any tax deductions or basis adjustments arising under Section 743 and (B) highest marginal federal, state and local income tax rate applicable to an individual resident in New York, New York with respect to each such taxable year, taking into the character of the taxable income (e.g., long-term capital gain, qualified dividend income, ordinary income, dividends subject to withholding, etc.), the deductibility of state and local income taxes and the net investment income tax; provided that the amount permitted to be distributed under this Section 7.07(c) shall not exceed $5,000,000 in each Fiscal Year; provided, further, that no Event of Default has occurred and is continuing, or shall occur as a result therefrom. Distributions in respect of an Excluded Subsidiary of the US Borrower shall be permitted only to the extent that distributions were made by such Excluded Subsidiary to the US Borrower for such purpose;

(d) ~~[reserved];~~Restricted Payments made with the net cash proceeds from any Tres Palacios Disposition, distributions in the form of returns of capital from the Tres Palacios Entities or the dividend or distribution of the Equity Interests or assets of the Tres Palacios Entities; provided that any such Restricted Payments made with the net cash proceeds from any Tres Palacios Disposition shall be made within ten Business Days of receipt of such net cash proceeds;

~~(e) [reserved];~~

(e) ~~(f)~~ the Borrowers and the Restricted Affiliates may make noncash repurchases of Equity Interests deemed to occur upon exercise of stock options or similar equity incentive awards if such Equity Interests represent a portion of the exercise price of such options or similar equity incentive awards;

(f) ~~(g)~~ [reserved];

(g) ~~(h)~~ the Borrowers and the Restricted Affiliates may make Restricted Payments in an aggregate principal amount not to exceed $1,000,000 to allow the Borrowers and the Restricted Affiliates to make payments in cash, in lieu of the issuance of fractional shares, upon the exercise of warrants or upon the conversion or exchange of Equity Interests of any such Person;

(h) ~~(i)~~ [reserved];

(i) ~~(j)~~ the payment of any dividend or distribution or consummation of any irrevocable redemption with sixty (60) days after the date of its declaration or giving the redemption notice, as the case may be, if at the date of declaration or notice, the dividend, distribution or redemption payment would have complied with the provisions hereof, so long as, at the time of such declaration or giving of such redemption notice, no Default or Event of Default has occurred and is continuing and, at

the time of such declaration or giving of such redemption notice, no Default or Event of Default would exist after giving pro forma effect thereto;

(j) ~~(k)~~ to the extent constituting Restricted Payments, Borrowers and the Restricted Affiliates may enter into and consummate transactions expressly permitted by any provision of Sections 7.02, 7.04, 7.05 and 7.06; and

(k) ~~(l)~~ unlimited additional Restricted Payments; provided that at the time any such Restricted Payment is made, the Payment Conditions are satisfied.

7.08 **Change in Nature of Business**. Engage in any material line of business that is not a Permitted Business.

7.09 **Transactions with Affiliates**. Enter into any transaction of any kind with any Affiliate of any Loan Party, whether or not in the ordinary course of business, other than transactions on terms substantially as favorable to such Loan Party or its Subsidiaries as would be obtainable by such Loan Party or its Subsidiaries at the time in a comparable arm~~'~~'s length transaction with a Person other than an Affiliate; provided that this Section 7.09 shall not apply to (a) transactions among the Borrowers and any Restricted Affiliates; (b) the payment of reasonable compensation, fees and expenses to, and indemnity provided on behalf of, directors and officers of any Loan Party or its Subsidiaries; (c) Restricted Payments permitted by Section 7.07; (d) a management agreement between a Borrower and certain of its Subsidiaries providing for sharing of certain personnel; (e) any issuance of Equity Interests of a Borrower to Affiliates of such Borrower; (f) any transaction with an Affiliate that is expressly permitted by the terms of this Agreement to be entered into by a Borrower or such Subsidiary with an Affiliate; (g) the Transactions and the payment of Transaction Costs; (h) any transaction with any Person that is an Affiliate of the Borrowers only by reason of such Person and the Borrowers having common directors; ~~and~~ (i) transactions relating to the purchase or sale of hydrocarbons, the lease of storage capacity or the transportation of hydrocarbons, in each case with investors in the Borrowers or their Affiliates entered into in the ordinary course of business consistent with past practice; (j) transactions related to that certain five-year natural gas storage contract dated as of October 31, 2014 between BIF II Tres Palacios Storage (Delaware) LLC and Tres Palacios Gas Storage LLC, ending on October 31, 2019, for the utilization of 15 Bcf of natural gas storage; (k) transactions with Unrestricted Subsidiaries, customers, clients, suppliers or purchasers or sellers of goods or services, or lessors or lessees of property, in each case in the ordinary course of business and otherwise in compliance with the terms of this Agreement which are, in the aggregate (taking into account all the costs and benefits associated with such transactions), not materially less favorable to a Loan Party and its Subsidiaries than those that would have been obtained in a comparable transaction by such Loan Party or such Subsidiary with an unrelated person, as reasonably determined by a Responsible Officer of such Loan Party involved in or otherwise familiar with such transaction, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party; and (l) the Dutch Notes.

7.10 **Burdensome Agreements**. Enter into or permit to exist any Contractual Obligation (other than this Agreement, any other Loan Document, the ~~Term Loan Documents, the~~Secured Senior Notes Documents, the Subordinated Notes Documents and the Last-Out Loan Documents) that (a) limits the ability (i) of any Subsidiary of the Borrowers or any Restricted Affiliate (other than any Excluded Subsidiary) to make Restricted Payments to any Borrower or any Guarantor or invest in any Borrower or any Guarantor,

or to repay loans and other indebtedness owing by it to any Borrower or any Guarantor, (ii) of any Subsidiary (other than any Excluded Subsidiary) to transfer property to any Borrower or any Guarantor, (iii) of any Subsidiary of the Borrowers or any Restricted Affiliate (other than any Excluded Subsidiary) to Guarantee the Secured Obligations of any Borrower or (iv) of any Loan Party to create, incur, assume or suffer to exist Liens in favor of the Secured Parties on property of such Loan Party; provided that the foregoing shall not prohibit (1) customary provisions contained in any agreement to which a Loan Party is party that restrict or prohibit such Loan Party from transferring or assigning such agreement to an affiliate of such Loan Party, (2) any negative pledge (and related restriction on sale or transfer) incurred or provided in favor of any holder of Indebtedness permitted under Section 7.03 solely to the extent any such negative pledge relates to the property financed by or the subject of such Indebtedness, (3) customary restrictions and conditions contained in any agreement relating to the sale of a Subsidiary, or any or all of its assets, pending such sale, so long as such restrictions and conditions are not applicable to any Person (or its property or assets) other than the applicable Subsidiary and its assets, (4) any restriction existing in any agreement or instrument (including any lease, right of way, access right, easement or other agreement) in effect on the Closing Date and set forth on Schedule 7.10, (5) agreements related to secured Indebtedness permitted hereunder, if such restrictions apply only to the collateral for such Indebtedness, (6) customary provisions in leases and other contracts restricting assignment thereof; Contractual Obligations incurred in the ordinary course of business and on customary terms which limit Liens on the assets subject of the applicable Contractual Obligation; (7) any agreement in effect at the time any Person becomes a Subsidiary, so long as such agreement was not entered into in contemplation of such Person becoming a Subsidiary; (8) restrictions imposed by any Junior Debt that are consistent with the definition thereof; (9) any agreement regarding Indebtedness of any Subsidiary that is not a Guarantor to the extent permitted by Section 7.03; and (10) customary restrictions and conditions contained in any agreement relating to any Disposition of property.

7.11 **Junior Debt Payments**. Declare or make, directly or indirectly, any Junior Debt Payment, or incur any obligation (contingent or otherwise) to do so; provided that ~~(i) the foregoing restriction shall not apply to (A) mandatory prepayments of the Term Facility pursuant to Section 2.05 of the Term Loan Credit Agreement as in effect on the date hereof, (B) Permitted Refinancings of the Term Facility and (ii)~~ the Borrowers may make Junior Debt Payments so long as at the time any such Junior Debt Payment is made, the Payment Conditions are satisfied. Notwithstanding the foregoing, any prepayment, redemption, purchase or defeasance of the Subordinated Notes, Dutch Notes or Last-Out Loans in connection with any refinancing or replacement thereof with Subordinated Debt, which has substantially similar terms and documentation as the Subordinated Notes, Dutch Notes or Last-Out Loans (including the subordination and postponement of payment covenants thereunder), as applicable, or as otherwise reasonably agreed to by the Administrative Agent, shall be permitted.

7.12 **Risk Management Compliance**. Enter into any transaction or permit to exist any Position that is in violation of the Risk Management Policy, except transactions or Positions entered into with a good faith belief that no such violation exists and where such violation is remedied as promptly as possible.

7.13 **Use of Proceeds**. Use the proceeds of any Credit Extensions, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.14 **Changes in Fiscal Periods**. Permit the fiscal year of any Loan Party to end on a day other than, with respect to the US Borrower and its Subsidiaries, March 31 and, with respect to the other Restricted Affiliates, December 31 (unless changed to March 31 in accordance with the definition of "Fiscal Year") or change the Borrowers' method of determining fiscal quarters, without the prior written consent of the Administrative Agent (such consent not be unreasonably withheld, delayed or conditioned), in each case other than if such change is required by GAAP.

7.15 **Modification of Certain Agreements**. (i) Amend, supplement, modify or change any term or condition of (a) the Organization Document of any Loan Party or (b) the documents evidencing or governing any Junior Debt or the Secured Senior Notes, in each case, to the extent any such amendment, supplement or modification would be prohibited or inconsistent with any of the terms of this Agreement and/or is materially adverse to the Lenders without the prior written consent of the Administrative Agent. For the avoidance of doubt, any amendment, supplement, modification or change to the Last-Out Credit Agreement that shortens the maturity thereof, or terminates or reduces the Last-Out Commitments shall be deemed to be materially adverse to the Lenders.

(ii) Amend, supplement, modify or change any term or condition of the Term Loan Documents (including the covenants and events of default set forth therein) to make them materially more favorable to the lenders under the Term Loan Credit Agreement than those applicable to the lenders under this Agreement (except for covenants or events of default applicable only to periods after the Maturity Date) (provided that a certificate of a Responsible Officer delivered to the Collateral Agent at least five (5) Business Days prior to such amendment, together with a reasonably detailed description of the material terms and conditions of such amendment or drafts of the documentation relating thereto, stating that the Borrowers have determined in good faith that such terms and conditions satisfy the requirement of this clause (ii) shall be conclusive evidence that such terms and conditions satisfy such requirement unless the Collateral Agent notifies the Borrowers within such five (5) Business Day period that it disagrees with such determination (including a description of the basis upon which it disagrees).

7.16 **Fixed Charge Coverage Ratio**. If during any period commencing on the date that Excess Liquidity is less than the greater of (x) 12.5% of the Line Cap and (y) $20,000,000 until the date that Excess Liquidity has been at least the greater of (x) 12.5% of the Line Cap and (y) $20,000,000 for a period of at least thirty (30) consecutive days, the Fixed Charge Coverage Ratio for the most recent completed four Fiscal Quarter period for which the financial statements under Section 6.01(b) for such Fiscal Quarter (or if such Fiscal Quarter is the end of the Fiscal Year, Section 6.01(a) for the most recently ended Fiscal Year) were delivered or were required to be delivered, measured at the end of such Fiscal Quarter and each Fiscal Quarter thereafter during such period shall be not less than 1.10:1.00.

7.17 **Canadian Pension Plans**. Establish or maintain any Canadian Pension Plan in respect of any of their employees or former employees in Canada.

7.18 **Passive Parent Affiliate Covenant**. Solely with respect to each Parent Affiliate (a) incur, directly or indirectly, any Indebtedness or any other obligation or liability whatsoever other than the Indebtedness and obligations under this Agreement and the other Loan Documents and the Term Loan Credit Agreement and related documents; (b) create or suffer to exist any Lien upon any property or assets now owned or hereafter acquired, leased or licensed by it other than the Liens created under the Security Documents to which it is a party; (c) engage in any business or activity or own any assets

other than (i) holding the Equity Interests of the US Borrower, (ii) performing its obligations and activities incidental thereto under the Loan Documents; (d) consolidate with or merge with or into, or convey, transfer, lease or license all or substantially all its assets to, any Person; (e) sell or otherwise dispose of any Equity Interests of any of its Subsidiaries; (f) create or acquire any Subsidiary or make or own any Investment in any Person other than a Borrower; or (g) fail to hold itself out to the public as a legal entity separate and distinct from all other Persons.

~~7.19 **Prohibited Transactions**. In each case, notwithstanding anything to the contrary contained in Article VI or VII, enter into any transaction of any kind that will result in (a) Tres Palacios making Guarantees other than the US Guaranty or the Term US Guaranty (other than Guarantees made pursuant to the Last Out Credit Agreement), (b) Tres Palacios granting security interests in any of their assets other than pursuant to the US Security Agreement or the Term US Security Agreement, (c) Tres Palacios or the Lodi Parties merging, amalgamating or consolidating with or into another Person and/or (d) Tres Palacios or the Lodi Parties dissolving, liquidating or Disposing of (whether in one transaction or in a series of transactions) all or substantially all of their assets (whether now owned or hereafter acquired) to or in favor of any Person.~~

~~7.20 **Cash Collateral Account; Debt Service Reserve Account**. Notwithstanding anything to the contrary contained in Article VI or VII, (i) deposit funds into the Cash Collateral Account on or after the Closing Date unless no Cash Dominion Period shall exist or be continuing after giving effect to such deposit and (ii) deposit funds into the Debt Service Reserve Account after the Closing Date unless no Cash Dominion Period shall exist or be continuing after giving effect to such deposit.~~

ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES

8.01 **Events of Default**. Any of the following shall constitute an Event of Default:

(a) Non-Payment. Any Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligation, or (ii) within three days after the same becomes due, any interest on any Loan or any L/C Obligation, or any fee due hereunder, or (iii) within five days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants.

(i) Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 6.03, 6.05(a) or 6.11 or Article VII;

(ii) any Loan Party fails to perform or observe any term, covenant or agreement contained in Section 6.02(f), and such failure continues for five Business Days (or, if weekly deliveries are required, such failure continues for one Business Day);

(iii) any Loan Party fails to perform or observe any term, covenant or agreement contained in Section 6.19 and such failure continues for 5 days;

(iv) any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 6.01, 6.02 (other than Section 6.02(f)) or ~~6.10,~~6.10 and such failure continues for 15 days; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days after the earlier of (i) the date on which a Responsible Officer of any Loan Party becomes aware of such failure and (ii) the date on which notice of such failure is given to any Loan Party by any Agent (which notice will be given at the request of any Lender); or

(d) Representations and Warranties; Certifications; Statements of Fact. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Parent Affiliates, any Borrower or any other Loan Party herein in writing, in any other Loan Document, or in any certificate delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(e) Cross-Default. (i) Any Loan Party (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness for borrowed money having an aggregate principal amount (including (x) the undrawn face amount of any outstanding letter of credit, surety bonds and other similar contingent obligations outstanding under any agreement relating to such Indebtedness, (y) undrawn committed or available amounts and (z) amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness for borrowed money or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity or (ii) an "Event of Default" within the meaning of the ~~Term Loan Credit Agreement or the~~ Last-~~Out~~Out Credit Agreement shall occur; or

(f) Insolvency Proceedings, Etc. The Parent Affiliates, any Loan Party or any of its Subsidiaries (other than any Immaterial Subsidiary) institutes or consents to the institution of any Insolvency Proceeding, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, monitor or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator, monitor or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any Insolvency Proceeding relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Any Loan Party becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 30 days after its issue or levy; or

(h) Judgments. There is entered against any Loan Party (i) one or more final non-appealable judgments or orders for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer is rated at least "A" by A.M. Best Company, has been notified of the potential claim and does not dispute coverage), or (ii) any one or more non-monetary final

judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order or (B) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA. (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of any Loan Party under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) any Loan Party or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents. Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party contests in any manner the validity or enforceability of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document; or

(k) Change of Control. There occurs any Change of Control; or

(l) Security Documents. Any Security Document shall for any reason (other than pursuant to the terms thereof) cease to create a valid and perfected Lien (subject to Liens permitted hereunder) on a material portion of the Collateral purported to be covered thereby, with the priority required by the applicable Security Document, or any Loan Party shall so assert in writing; or

(m) Intercreditor and Subordination Agreements. (i) Any Loan Party shall assert in writing that any applicable intercreditor agreement (after execution and delivery thereof) or applicable subordination agreement (after execution and delivery thereof) shall have ceased for any reason to be in full force and effect (other than pursuant to the terms hereof or thereof) or shall knowingly contest, or knowingly support another Person in any action that seeks to contest, the validity or effectiveness of any such intercreditor or subordination agreement (other than pursuant to the terms hereof or thereof) or (ii) the lien priority or payment priority provisions of any applicable intercreditor agreement (after execution and delivery thereof) or the payment or lien subordination provisions of any applicable subordination agreement (after execution and delivery thereof) shall terminate, cease to be effective or cease to be legally valid, binding and enforceable against any party thereto except as otherwise permitted hereunder or in accordance with its terms (as in effect when such document is consented to by the Borrowers).

8.02 **Remedies Upon Event of Default**. If any Event of Default occurs and is continuing, subject to the terms and conditions of the ABL Intercreditor Agreement, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of each L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan

Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by each Borrower;

(c) require that the US Borrower or the Canadian Borrower, as applicable, Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof) and all outstanding BAs (in accordance with Section 2.20); and

(d) exercise on behalf of itself, the Lenders and the L/C Issuers all rights and remedies available to it, the Lenders and the L/C Issuers under the Loan Documents and applicable Law;

provided that, upon the occurrence of an Event of Default under Section 8.01(f), the obligation of each Lender to make Loans and any obligation of each L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the US Borrower and the Canadian Borrower, as applicable, to Cash Collateralize the L/C Obligations and outstanding BAs as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

8.03 **Right to Cure**. Notwithstanding anything to the contrary contained in Section 8.01 or 8.02, in the event that the Borrowers fail to comply with the requirements of the financial covenant set forth in Section 7.16, pursuant to the terms thereof, then (A) from the end of such fiscal quarter until the expiration of the tenth (10th) Business Day subsequent to the date the relevant financial statements for such fiscal quarter are required to be delivered pursuant to Sections 6.01(a)~~(i)~~ or 6.01(~~c~~b) (the last day of such period being the "Anticipated Cure Deadline"), the Parent Affiliates shall have the right to issue or obtain a contribution to their equity in the form of common equity for cash and contribute the proceeds therefrom to the Borrowers and/or the Borrowers shall have the right to issue or obtain a contribution to their equity in the form of common equity for cash (the "Cure Right"), and upon the receipt by the Borrowers of such cash (the "Cure Amount"), pursuant to the exercise by the Borrowers of such Cure Right, the calculation of Consolidated EBITDA as used in the financial covenant set forth in Section 7.16 shall be recalculated giving effect to the following pro forma adjustments:

(a) Consolidated EBITDA shall be increased, solely for the purpose of measuring the financial covenant set forth in Section 7.16 for such fiscal quarter and the applicable subsequent periods which include such fiscal quarter and not for any other purpose under this Agreement (including but not limited to determining the availability or amount of any covenant baskets or carve-outs), by an amount equal to the Cure Amount. No Cure Amount shall reduce Indebtedness on a pro forma basis for any test period that includes the applicable fiscal quarter for which such Cure Amount was contributed for purposes of calculating the financial covenant set forth in Section 7.16, any other leverage ratio hereunder (except with respect to future fiscal quarters to the extent such proceeds are actually applied to prepay Indebtedness);

(b) each Cure Amount will be no greater than the amount required to cause the Borrowers to be in compliance on a pro forma basis with the financial covenant set forth in Section 7.16;

(c) if, after giving effect to the foregoing recalculations, the Borrowers shall then be in compliance with the requirements of the financial covenant set forth in Section 7.16, the Borrowers shall be deemed to have satisfied the requirements of the financial covenant set forth in Section 7.16 as of the relevant date of determination with the same effect as though there had been no failure to comply

therewith at such date, and the applicable breach or default of the financial covenant set forth in Section 7.16 that had occurred shall be deemed cured for the purposes of this Agreement; and

(d) upon receipt by the Administrative Agent of written notice, on or prior to the Anticipated Cure Deadline, that the Borrowers intend to exercise the Cure Right in respect of a fiscal quarter, the Lenders shall not be permitted to accelerate Loans held by them, exercise remedies against the Collateral or any other rights and remedies under any of the Loan Documents that are available during the continuance of an Event of Default on the basis of a failure to comply with the requirements of the financial covenant set forth in Section 7.16, unless such failure is not cured pursuant to the exercise of the Cure Right on or prior to the Anticipated Cure Deadline.

Notwithstanding anything herein to the contrary, in each four (4) consecutive fiscal quarter period there shall be at least two (2) fiscal quarters in respect of which the Cure Right is not exercised, (ii) there can be no more than three (3) fiscal quarters in respect of which the Cure Right is exercised during the term of the ABL Facility.

8.04 **Application of Funds**. After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations and outstanding BAs have automatically been required to be Cash Collateralized as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent as provided in Section 9.11.

ARTICLE IX.
AGENTS

9.01 **Appointment and Authority**.

(a) Each of the Lenders and L/C Issuers hereby irrevocably appoints Royal Bank of Canada to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents. Each of the Lenders and L/C Issuers authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

(b) The Administrative Agent shall also act as the "collateral agent" under the Loan Documents, and each of the Lenders and L/C Issuers hereby irrevocably appoints and authorizes the Administrative Agent to act as the agent of such Lender and such L/C Issuer for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Secured Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Administrative Agent, as "collateral agent" and any co-agents, sub-agents and attorneys-in-fact appointed by the Administrative Agent pursuant to Section 9.05 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights and remedies thereunder at the direction of the Administrative Agent, shall be entitled to the benefits of all provisions of this Article IX and Article X (including Section 10.04(c)), as though such co-agents, sub-agents and attorneys-in-fact were the "collateral agent" under the Loan Documents) as if set forth in full herein with respect thereto.

9.02 **Rights as a Lender**. Each Person serving as an Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not such Agent, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the

Person serving as such Agent hereunder in its individual capacity. Each such Person and its Affiliates may accept deposits from, lend money to, act as the financial advisor or in any other advisory capacity for and generally engage in any kind of business with any Loan Party or any Subsidiary or other Affiliate thereof as if such Person were not such Agent hereunder and without any duty to account therefor to the Lenders.

9.03 **Exculpatory Provisions**. The Agents and Arrangers shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing:

(a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that such Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided that no Agent shall be required to take any action that, in its opinion or the opinion of its counsel, may expose such Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) no Agent shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and no Agent shall be liable for the failure to disclose, any information relating to any Borrower, any Loan Party or any of their Affiliates that is communicated to or obtained by the Person serving as such Agent or any of its Affiliates in any capacity.

No Agent shall be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as such Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct, as determined by a final and nonappealable order or judgment of a court of competent jurisdiction. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrowers, a Lender or an L/C Issuer.

No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to such Agent.

9.04 **Reliance by Agents**. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to

the making of a Loan, or the issuance of a Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender or an L/C Issuer, the Administrative Agent may presume that such condition is satisfactory to such Lender or such L/C Issuer unless the Administrative Agent shall have received notice to the contrary from such Lender or such L/C Issuer prior to the making of such Loan or the issuance of such Letter of Credit. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 **Delegation of Duties**. The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by such Agent. The Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub agent and to the Related Parties of the Administrative Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities of such Agent.

9.06 **Resignation of Agents**. Any Agent may at any time give notice of its resignation to the Lenders, the L/C Issuers and the Borrowers effective upon appointment of a successor Agent. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrowers, to appoint a successor Agent from among the Lenders or any other ~~Person~~Person, which shall be a bank with an office in the United States, or an Affiliate of any such bank, which, shall, unless (i) an Event of Default under Section 8.01(a) or 8.01(f) shall have occurred and be continuing or (ii) any other Event of Default shall have occurred and be continuing for more than 120 consecutive days, be subject to the approval of the Borrowers. If no such successor shall have been so appointed by the Required Lenders within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may on behalf of the Lenders appoint a successor Agent meeting the qualifications set forth ~~above~~above, which, shall, unless (i) an Event of Default under Section 8.01(a) or 8.01(f) shall have occurred and be continuing or (ii) any other Event of Default shall have occurred and be continuing for more than 120 consecutive days, be subject to the approval of the Borrowers; provided that if the retiring Agent shall notify the Borrowers and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any Collateral held by the retiring Agent on behalf of the Lenders or the L/C Issuers under any of the Loan Documents, the retiring Agent shall continue to hold such Collateral until such time as a successor Agent is appointed) and (2) all payments, communications and determinations provided to be made by, to or through such Agent shall instead be made by or to each applicable Lender and each applicable L/C Issuer directly, until such time as the Required Lenders appoint a successor Agent as provided for above in this Section. Upon the acceptance of a successor~~'~~'s appointment as Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Agent, and the retiring Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this

Section). The fees payable by the Borrowers to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrowers and such successor. After the retiring Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Agent, its sub agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as Agent.

Any resignation by Royal Bank of Canada as the Administrative Agent pursuant to this Section shall also constitute its resignation as US L/C Issuer, US Swing Line Lender, Canadian L/C Issuer and Canadian Swing Line Lender. Upon the acceptance of a successor's appointment as the Administrative Agent hereunder, (a) such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring L/C Issuer and Swing Line Lender, (b) the retiring L/C Issuer and Swing Line Lender shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents, and (c) the successor L/C Issuer shall issue letters of credit in substitution for the US Letters of Credit or Canadian Letters of Credit, as the case may be, if any, outstanding at the time of such succession or make other arrangements satisfactory to the retiring L/C Issuer to effectively assume the obligations of the retiring L/C Issuer with respect to such Letters of Credit.

9.07 **Non-Reliance on Agents and Other Lenders**. Each of the Lenders and L/C Issuers acknowledges that it has, independently and without reliance upon any Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Lenders and L/C Issuers also acknowledges that it will, independently and without reliance upon any Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

9.08 **No Other Duties, Etc**. Anything herein to the contrary notwithstanding, neither the Arrangers, the joint book managers, the Managing Agent nor the Co-Documentation Agents listed on the cover page hereof shall have any powers, duties, liabilities or responsibilities under this Agreement or any of the other Loan Documents, except in its capacity, as applicable, as the Administrative Agent, a Lender or an L/C Issuer hereunder.

9.09 **Administrative Agent May File Proofs of Claim**. In case of the pendency of any Insolvency Proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether such Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the L/C Issuers and the Agents (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders, the L/C Issuers and the Agents and their respective agents and counsel and all other amounts due the Lenders, the L/C Issuers and the Agents under Sections 2.09 and 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and each L/C Issuer to make such payments to such Agent and, in the event that such Agent shall consent to the making of such payments directly to the Lenders and the L/C Issuers, to pay to such Agent any amount due for the reasonable compensation, expenses, disbursements and advances of such Agent and its agents and counsel, and any other amounts due such Agent under Sections 2.09 and 10.04.

Nothing contained herein shall be deemed to authorize any Agent to authorize or consent to or accept or adopt on behalf of any Lender or any L/C Issuer any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize any Agent to vote in respect of the claim of any Lender in any such proceeding.

9.10 **Collateral and Guaranty Matters**. The Lenders and the L/C Issuers irrevocably authorize the Administrative Agent, subject to the terms of the ABL Intercreditor Agreement, at its option and in its discretion,

(i) to release any Lien on any property granted to or held by the Administrative Agent under any Loan Document (A) upon termination of the Aggregate Commitments and payment in full of all Secured Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit (other than Letters of Credit that have been Cash Collateralized to the reasonable satisfaction of Administrative Agent), (B) that is Disposed of as part of or in connection with any Disposition permitted hereunder or under any other Loan Document, (C) that is redeemed, transferred, terminated, wound-up, merged, amalgamated, set-off, or otherwise dealt with in connection with any corporate reorganization or other inter-corporate transactions among Loan Parties that are permitted hereunder or under any other Loan Document, or (D) subject to Section 10.01, if approved, authorized or ratified in writing by the Required Lenders;

(ii) to release any Guarantor from its obligations under the applicable Guaranty if such Person ceases to be a Subsidiary or becomes an Excluded Subsidiary as a result of a transaction permitted hereunder;

(iii) to release BIF II Tres Palacios Aggregator (Delaware) LLC from its obligations under the applicable Loan Documents if (A) all of the Equity Interests of BIF II Tres Palacios Aggregator (Delaware) LLC are subject to a Disposition or (B) any Loan Party designates BIF II Tres Palacios Aggregator (Delaware) LLC as an Unrestricted Subsidiary in accordance with the applicable provisions of the Secured Senior Notes Indenture; and

(iv) ~~(iii)~~ to execute and deliver the ABL Intercreditor Agreement and the Last-~~Out~~Out Subordination ~~Agreement~~Agreement on behalf of each Secured Party.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent~~'~~'s authority to release its interest in particular types or items of property, or to release any Guarantor from its obligations under the applicable Guaranty pursuant to this Section 9.10(a).

(b) In connection with any release of any Lien or any Guarantor pursuant to this Section 9.10, the Administrative Agent shall execute and deliver all such documents and instruments as the applicable Loan Party shall reasonably request to evidence such release.

9.11 **Enforcement Actions and Application of Proceeds**.

(a) The Obligations shall be subject to acceleration as provided in Section 8.02.

(b) If any Agent receives any payment or distribution of any kind (whether in cash, securities or other property) in respect of any Enforcement Action concerning the Collateral or otherwise after the occurrence and during the continuance of an Event of Default or after the Obligations have been accelerated as provided in Section 8.02, subject to the terms of the ABL Intercreditor Agreement, such Agent shall apply such proceeds as follows:

(i) first, to the repayment of all costs and expenses, including reasonable attorneys' fees and legal expenses, incurred by the Agents in connection with (A) the administration of the Security Documents, (B) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any Collateral, (C) the exercise or enforcement of any of the rights of the Agents hereunder or under the Security Documents, or (D) the failure of any Loan Party to perform or observe any of the provisions of the Security Documents;

(ii) second, to the payment or other satisfaction of any Liens, encumbrances, or adverse claims upon or against any of the Collateral that are prior to those of such Agent or which such Agent is otherwise required to pay under applicable Law;

(iii) third, to the reimbursement of any Agent for the amount of any obligations of any Loan Party that are prior to those of such Agent or which such Agent is otherwise required to pay under applicable law and are paid or discharged by such Agent (other than amounts for principal and interest under the US Revolver Loans and the Canadian Revolver Loans) pursuant to the provisions hereof or of the Security Documents, and of any related expenses of such Agent payable by any Loan Party hereunder or thereunder;

(iv) fourth, on a pro rata basis, to the satisfaction of (A) the US Revolver Obligations (and, in respect of amounts in respect of US Revolver Loans, US Swing Line Loans and US L/C Obligations, first to repay the US Revolver Loans, the US Swing Line Loans and the applicable Unreimbursed Amounts (ratably based upon the amount of such Obligations) and then to Cash Collateralize that portion of US L/C Obligations comprised of the undrawn amount of US Letters of Credit), (B) the Canadian Revolver Obligations (and, in respect of amounts in respect of Canadian Revolver Advances, Canadian Swing Line Loans and Canadian L/C Obligations, first to repay the Canadian Revolver Loans, the Canadian Swing Line Loans and the applicable Unreimbursed Amounts (ratably based upon the amount of such Obligations) and then ratably to Cash Collateralize (x) that portion of Canadian L/C Obligations comprised of the undrawn amount of Canadian Letters of Credit and (y) BAs) and (C) to the satisfaction of any Secured Cash Management Obligations as to which the Administrative Agent has been given notice and has established a Reserve in respect thereof in its discretion (in an amount not exceed the associated Reserve);

(v) fifth, to the satisfaction of any other Obligations not included in clause (iv) above, which payment shall be made ratably to each Lender in accordance with its pro rata share of such Obligations;

(vi) sixth, to the satisfaction of the Secured Cash Management Obligations, on a pro rata basis;

(vii) seventh, to the payment of any other amounts required by applicable Law (including any provision of the UCC or the PPSA); and

(viii) eighth, by delivery to Borrowers or to whomever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct.

Subject to Section 2.03(c), amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit and BAs, as applicable, pursuant to clause (iv) above shall be applied to satisfy drawings under such Letters of Credit as they occur and to satisfy such BAs as they mature, as applicable. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired and all BAs have matured, such remaining amount shall be applied in the order set forth above.

9.12 **Field Audit and Examination Reports; Disclaimer by Lenders**. By signing this Agreement, each Lender:

(a) is deemed to have requested that the Administrative Agent furnish such Lender, promptly after it becomes available, a copy of each field audit or examination report (each a "Report" and collectively, ""Reports"") prepared by or on behalf of the Administrative Agent;

(b) expressly agrees and acknowledges that the Administrative Agent does not (i) make any representation or warranty as to the accuracy of any Report or (ii) shall not be liable for any information contained in any Report;

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that the Administrative Agent or other party performing any audit or examination will inspect only specific information regarding the relevant Loan Party and will rely significantly upon the relevant Loan Party's books and records, as well as on representations of the relevant Loan Party's personnel;

(d) agrees to keep all Reports confidential and strictly for its internal use, and not to distribute except to its participants or use any Report in any other manner (other than as may be permitted by Section 10.06(h)); and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold the Administrative Agent and any such other Lender preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any loans or other credit accommodations that the indemnifying Lender has made or may make to Borrower or the indemnifying Lender's participation in or the indemnifying Lender's purchase of, a loan or loans of Borrower; and (ii) to pay and protect, and indemnify, defend and hold the Administrative Agent and any such other Lender preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses and other amounts (including reasonable fees, charges and disbursements of counsel) incurred by the Administrative Agent and any such other Lender preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

ARTICLE X.
MISCELLANEOUS

10.01 **Amendments, Etc**. Subject to Section 2.15, no amendment or waiver of any provision of this Agreement or any other Loan Document (except as provided therein), and no consent to any departure by any Borrower or any other Loan Party therefrom (except as provided therein), shall be effective unless in writing and signed by the Required Lenders and such Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that:

(a) no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, do any of the following at any time:

(i) release all or substantially all of the value of any Guaranty, except as a result of any release of a Guarantor that has ceased to be a Subsidiary of the Parent Affiliates or any Borrower or has become an Excluded Subsidiary in a transaction permitted under this Agreement;

(ii) release all or substantially all of the Collateral in any transaction or series of related transactions;

(iii) subordinate the Collateral Agent~~,~~'s Lien on all or substantially all of the Collateral in any transaction or series of related transactions;

(iv) change any provision of this Section and the definition of "Required Lenders" or "US Revolver Supermajority Lenders" or "Canadian Revolver Supermajority Lenders" or any provision of the Loan Documents which provides for the unanimous consent or approval of all the Lenders; or

(v) change Section 2.13 or 9.11 or any other provision of the Loan Documents that provides for the pro rata nature or relative priority of disbursements by or payment to Lenders (or in the case of the ABL Intercreditor Agreement, payments to the Secured Parties (as defined in the ABL Intercreditor Agreement) with the proceeds of the Collateral (as defined in the ABL Intercreditor Agreement)), in each case in a manner that would alter (A) the pro rata sharing of payments required thereby or (B) the relative priority of payments set forth therein;

(b) no amendment, waiver or consent shall increase the US Revolver Commitment or the Canadian Revolver Commitment of any Lender (or reinstate the commitment of any Lender terminated pursuant to Section 8.02), unless in writing and signed by such Lender;

(c) no amendment, waiver or consent shall, unless in writing and signed by each of the Revolver Lenders (without the necessity of the signatures of the Required Lenders):

(i) reduce, forgive or waive the principal of, or interest on, the Revolver Loans or any fees or other amounts payable hereunder to the Revolver Lenders;

(ii) postpone, waive or otherwise defer any date scheduled for any payment of principal of or interest on the Revolver Loans or any fees or other amounts payable to the Lenders;

(iii) change the order of application of any payment set forth in Section 9.11 in any manner that materially affects the Revolver Lenders; or

(iv) change any provision of this clause (c) or the definition of "Required Lenders", "Canadian Revolver Required Lenders" or "US Revolver Required Lenders" or any other provision of the Loan Documents which provides for the unanimous consent or approval of the Revolver Lenders;

(d) no amendment, waiver or consent shall, unless in writing and signed by each Lender directly and adversely affected thereby, postpone, waive or otherwise defer any reimbursement obligation in respect of any Letter of Credit;

(e) other than by operation of Section 2.22 or 2.23, no amendment, waiver or consent shall, unless in writing and signed by the US Revolver Supermajority Lenders change the definition of "US Revolver Maximum Available Amount" or "US Borrowing Base" or any component definition of any such terms if, as a result thereof, the amounts available to be borrowed by the Borrower would be increased; provided that the foregoing shall not limit the Permitted Discretion of the Administrative Agent to change, establish or eliminate any Reserves pursuant hereto; and

(f) other than by operation of Section 2.22 or 2.23, no amendment, waiver or consent shall, unless in writing and signed by the Canadian Revolver Supermajority Lenders change the definition of "Canadian Revolver Maximum Available Amount" or "Canadian Borrowing Base" or any component definition of any such terms if, as a result thereof, the amounts available to be borrowed by the Borrower would be increased; provided that the foregoing shall not limit the Permitted Discretion of the Administrative Agent to change, establish or eliminate any Reserves pursuant hereto;

provided, further, that (i) no amendment, waiver or consent shall, unless in writing and signed by the Applicable L/C Issuer in addition to the Lenders required above, affect the rights or duties of such L/C Issuer under this Agreement or any Issuer Document relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Applicable Swing Line Lender in addition to the Lenders required above, affect the rights or duties of such Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) any Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Revolver Commitment of such Lender may not be increased or extended without the written consent of such Lender.

Notwithstanding anything to the contrary contained in Section 10.01, if the Administrative Agent and the Borrowers shall have jointly identified an obvious error or any error or omission of a technical or immaterial nature, in each case, in any provision of the Loan Documents, then the Administrative Agent and the Borrowers shall be permitted to amend such provision and such amendment shall become effective without any further action or consent of any other party to any Loan Document if the same is not objected to in writing by the Required Lenders within five (5) Business Days following receipt of notice thereof.

10.02 **Notices; Effectiveness; Electronic Communication**.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subsection (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Parent Affiliates, any Borrower, any other Loan Party, any Agent, any L/C Issuer or any Swing Line Lender, to the address, telecopier number, electronic mail address or telephone number specified for such Person on Schedule 10.02; and

(ii) if to any other Lender, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when successfully transmitted or receipt acknowledged by the recipient's telecopier (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications. Notices and other communications to the Lenders and the L/C Issuers hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent or the Administrative Agent, as the case may be; provided that the foregoing shall not apply to notices to any Lender or any L/C Issuer pursuant to Article II if such Lender or such L/C Issuer, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. Any Agent or any Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) The Platform. THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE AGENT PARTIES (AS DEFINED BELOW) DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A

PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY ANY AGENT PARTY IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to the Parent Affiliates, any Borrower, any other Loan Party, any Lender, any L/C Issuer or any other Person for losses, claims, damages, liabilities of any kind (whether in tort, contract or otherwise) arising out of any Borrower's, any other Loan Party's or any Agent's transmission of Borrower Materials through the Internet, except to the extent that such losses, claims, damages, liabilities or expenses are determined by a court of competent jurisdiction by a final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Agent Party; provided that in no event shall any Agent Party have any liability to the Parent Affiliates, any Borrower, any other Loan Party, any Lender, any L/C Issuer or any other Person for indirect, special, incidental, consequential or punitive damages (as opposed to direct or actual damages).

(d) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on all Loan Parties, the Agents, the L/C Issuers and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(e) Change of Address, Etc. Each of the Parent Affiliates, the Borrowers, the Agents, the L/C Issuers and the Swing Line Lenders may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the other parties hereto. Each other Lender may change its address, telecopier or telephone number for notices and other communications hereunder by notice to the Parent Affiliates, the Borrowers, the Agents, the L/C Issuers and the Swing Line Lenders. In addition, each Lender agrees to notify the Administrative Agent from time to time to ensure that such Agent has on record (i) an effective address, contact name, telephone number, telecopier number and electronic mail address to which notices and other communications may be sent and (ii) accurate wire instructions for such Lender.

(f) Reliance by Agents, L/C Issuers and Lenders. The Agents, the L/C Issuers and the Lenders shall be entitled to rely and act upon any notices (including telephonic Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of any Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. Each Borrower shall indemnify the Administrative Agent, each L/C Issuer, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of any Borrower, except to the extent such losses, costs, expenses and liabilities are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such indemnified party. All telephonic notices to and other telephonic communications with any Agent may be recorded by such Agent, and each of the parties hereto hereby consents to such recording.

10.03 **No Waiver; Cumulative Remedies**. No failure by any Lender, any L/C Issuer or any Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further

exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Loan Document are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.04 **Expenses; Indemnity; Waivers**.

(a) Costs and Expenses. The Borrowers shall pay, jointly and severally, (i) all reasonable out-of-pocket expenses incurred by the Arrangers, Administrative Agent and its Affiliates (including, but not limited to, the reasonable fees, charges and disbursements of Paul Hastings LLP, Blake, Cassels & Graydon LLP) in connection with the syndication of the credit facilities provided for herein, the preparation, negotiation, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) , (ii) all reasonable out-of-pocket expenses incurred by each L/C Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by the Administrative Agent, any Lender or any L/C Issuer (including the fees, charges and disbursements of any counsel for such Agent, such Lender or such L/C Issuer) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) Indemnification by the Borrowers. Each Borrower shall jointly and severally indemnify each Agent (and any sub-agent thereof), each Arranger, each Co-Documentation Agent, each Lender and each L/C Issuer, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, obligations, penalties, demands, actions, judgments, suits, costs (including settlement costs), disbursements and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee) incurred by any Indemnitee or asserted against any Indemnitee by any third party or by any Borrower or any other Loan Party arising out of, in connection with, as a result of or in any other way associated with any litigation, proceeding or investigation in connection with (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, and the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only, the administration of this Agreement and the other Loan Documents, (ii) any Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by any L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by any Loan Party, or any Environmental Liability related in any way to any Loan Party; provided that the Borrowers shall have no such obligation under this clause (iii) if the violation of, noncompliance with or liability under, any Environmental Law relating to any such property was directly or exclusively caused by the acts or omissions by Persons other than the Borrowers or any Subsidiary of the Borrowers or their respective Related Parties with respect to the applicable property that occur after the Administrative Agent sells the respective property pursuant to a foreclosure or has accepted a deed in lieu of foreclosure, or (iv) any actual or prospective claim, dispute, litigation, investigation or proceeding in any way relating to, arising out of, in connection with or by reason of any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by any Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any

Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, bad faith or willful misconduct or material breach in bad faith of such Indemnitee or (y) result from a claim brought by any Borrower or any other Loan Party against an Indemnitee for material breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if such Borrower or such Loan Party has obtained a final and non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Reimbursement by Lenders. To the extent that any Borrower for any reason fails to indefeasibly pay any amount required under subsection (a) or (b) of this Section to be paid by it to any Agent (or any sub-agent thereof), any L/C Issuer or any Related Party of any of the foregoing, each Lender severally agrees to pay to such Agent (or any such sub-agent) or any such Related Party thereof (but without affecting such Borrower's payment obligations with respect thereto), and each Revolver Lender severally agrees to pay to such L/C Issuer or any such Related Party thereof, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Agent (or any such sub-agent) or such L/C Issuer in its capacity as such, or against such Related Party acting for any Agent (or any such sub-agent) or any L/C Issuer in connection with such capacity. The obligations of the Lenders under this subsection (c) are subject to the provisions of Section 2.12(d).

(d) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, no Borrower shall assert, and each Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(e) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(f) Waiver of Judgment Interest Act (Alberta). To the extent permitted by Law, the covenants of the Borrowers to pay interest at the rates provided herein shall not merge in any judgment relating to any obligation of the Borrowers to the Lenders or the Agent and any provision of the Interest Act (Canada) or the Judgment Interest Act (Alberta), which restricts any rate of interest set forth herein shall be inapplicable to the Loans, the Term Loan Notes and the other Loan Documents, and are hereby expressly waived by each Borrower.

(g) Deemed Reinvestment Not Applicable. For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest shall not apply to any interest calculation under the Loan Documents, and the rates of interest stipulated in this Agreement are intended to be

nominal rates and not effective rates or yields. Interest calculated hereunder shall be calculated using the nominal rate and no the effective rate method of calculation.

(h) Survival. The agreements in this Section shall survive the resignation of any Agent, any L/C Issuer and any Swing Line Lender, the replacement of any Lender, the termination of the Aggregate Revolver Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 **Payments Set Aside**. To the extent that any payment by or on behalf of any Borrower is made to any Agent, any L/C Issuer or any Lender, or any Agent, any L/C Issuer or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Agent, such L/C Issuer or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Lender and each L/C Issuer severally agrees to pay to the applicable Agent upon demand its applicable share (without duplication) of any amount so recovered from or repaid by such Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate (or, as to Canadian Dollar-denominated amounts, the Bank of Canada Rate) from time to time in effect. The obligations of the Lenders and the L/C Issuers under clause (b) of the preceding sentence shall survive the payment in full of the Obligations and the termination of this Agreement.

10.06 **Successors and Assigns**.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section, or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents, the L/C Issuers and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolver Commitment and the Loans (including for purposes of this subsection (b), participations in L/C Obligations and in Swing Line Loans) at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Revolver Commitment under any Facility and the Loans at the time owing to it under such Facility or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in subsection (b)(i)(A) of this Section, the aggregate amount of the Revolver Commitment (which for this purpose includes Loans outstanding thereunder) or, if the Revolver Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000, in the case of any assignment in respect of the US Revolver Facility or the Canadian Revolver Facility, unless each of the Administrative Agent and, so long as no Event of Default under Sections 8.01(a) or 8.01(f) has occurred and is continuing, the applicable Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); provided that concurrent assignments to members of an Assignee Group and concurrent assignments from members of an Assignee Group to a single Eligible Assignee (or to an Eligible Assignee and members of its Assignee Group) will be treated as a single assignment for purposes of determining whether such minimum amount has been met;

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans or the Revolver Commitment assigned, except that this clause (ii) shall not (A) apply to the US Swing Line Lender's rights and obligations in respect of US Swing Line Loans, or (B) apply to the Canadian Swing Line Lender's rights and obligations in respect of Canadian Swing Line Loans. Notwithstanding anything in this Agreement to the contrary, no Lender shall be permitted to assign (x) all or any portion of its Canadian Revolver Commitment or outstanding Canadian Revolver Loans without assigning the same pro rata portion of its US Revolver Commitment or outstanding US Revolver Loans, or (y) all or any portion of its US Revolver Commitment or outstanding US Revolver Loans without assigning the same pro rata portion of its Canadian Revolver Commitment or outstanding Canadian Revolver Loans;

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by subsection (b)(i)(B) of this Section and, in addition:

(A) the consent of the applicable Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (1) an Event of Default under Sections 8.01(a) or 8.01(f) has occurred and is continuing at the time of such assignment or (2) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; provided that the Borrowers shall be deemed to have consented to a proposed assignment unless they object thereto by written notice to the Administrative Agent within 10 Business Days after having received notice thereof;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of any Revolver Commitment if such assignment is to a Person that is not a Lender with a Revolver Commitment in respect of the applicable Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender;

(C) the consent of the US L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more US Letters of Credit (whether or not then outstanding);

(D) the consent of the Canadian L/C Issuer (such consent not to be unreasonably withheld or delayed) shall be required for any assignment that increases the obligation of the assignee to participate in exposure under one or more Canadian Letters of Credit (whether or not then outstanding);

(E) the consent of the US Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the US Revolver Facility; and

(F) the consent of the Canadian Swing Line Lender (such consent not to be unreasonably withheld or delayed) shall be required for any assignment in respect of the Canadian Revolver Facility.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee in the amount of $3,500.00 for each assignment; provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee in the case of any assignment. The assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(v) Assignments in Respect of the Canadian Revolver Facility. Unless an Event of Default has occurred and is continuing at the time of such assignment, no assignment by a Canadian Revolver Lender of any of its rights and obligations in respect of the Canadian Revolver Facility shall be made to any Person that, immediately after giving effect to such assignment, would not deal at arm~~'~~'s length (within the meaning of the Income Tax Act (Canada)) with any Person making a payment hereunder.

(vi) No Assignment to Borrowers. No such assignment shall be made to the Borrowers or any of the Borrowers~~'~~' Subsidiaries or Affiliates.

(vii) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender~~'~~'s rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 3.01, 3.04, 3.05, and 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the US Borrower or the Canadian Borrower, as applicable, (at its expense) shall execute and deliver a Note to the assignee Lender with respect to the assigned interest and a replacement Note to the assigning Lender to the extent of the interest, if any, retained by such assigning Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does

not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

Notwithstanding anything in this Section 10.06(b)(vi) or the definition of "Required Lenders" or "Supermajority Lenders" to the contrary, for purposes of determining whether the Required Lenders or Supermajority Lenders have (i) consented (or not consented) to any amendment, modification, waiver, consent or other action with respect to any of the terms of any Loan Document or any departure by any Loan Party therefrom, (ii) otherwise acted on any matter related to any Loan Document, or (iii) directed or required the Administrative Agent, Collateral Agent or any Lender to undertake any action (or refrain from taking any action) with respect to or under any Credit Document, all Revolver Loans held by any Affiliate of a Permitted Investor shall be deemed to be not outstanding for all purposes of calculating whether the Required Lenders or the Supermajority Lenders have taken any actions.

(c) Register. The Administrative Agent, acting solely for this purpose as an agent of each Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Revolver Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Upon receipt of an Assignment and Assumption executed and delivered in accordance with this Section 10.06, the Administrative Agent shall record such Assignment and Assumption in the Register. The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Agents and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by each of the Borrowers and the Lenders at any reasonable time and from time to time upon reasonable prior notice.

(d) Participations. Any Lender or L/C Issuer may at any time, without the consent of, or notice to, the Borrowers or the Agents, sell participations to any Person (other than a natural person or any Borrower or any of any Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's or L/C Issuer's rights and/or obligations under this Agreement (including all or a portion of its Revolver Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's or L/C Issuer's obligations under this Agreement shall remain unchanged, (ii) such Lender or L/C Issuer shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Agents, the Lenders and the L/C Issuers shall continue to deal solely and directly with such Lender or L/C Issuer in connection with such Lender's or L/C Issuer's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender or L/C Issuer sells such a participation shall provide that such Lender or L/C Issuer shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender or L/C Issuer will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in clause (a)(ii), (a)(iii), (c)(i), (c)(ii), (d)(i), (d)(ii), (e) or (f) in each case contained in the first proviso to Section 10.01, that affects such Participant. Subject to subsection (e) of this Section, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01, 3.04 and 3.05 to the same extent as if it were a Lender (subject to the requirements and limitations therein, including, for the avoidance of doubt with respect to Section 3.01 compliance with Section 3.01(e) as though such Participant was a Lender or L/C Issuer, as applicable) and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 10.07 as though it were a Lender or L/C Issuer, as applicable; provided such Participant agrees to be subject to Section 2.13 as though it were a Lender or L/C Issuer, as applicable. Each Lender or L/C Issuer that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the

Borrowers, maintain a register on which it enters the name and address of each participant and the principal amounts (and stated interest) of each participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender or L/C Issuer shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(e) Limitations upon Participant Rights. A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive as of the date of the sale with respect to the participation sold to such Participant, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation.

(f) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Assignment and Assumption shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

(h) Treatment of Certain Information; Confidentiality. Each of the Agents, the Lenders and the L/C Issuers agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, trustees, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any securitization, swap or derivative transaction relating to any Borrower and its obligations, (g) with the consent of the Borrowers or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to any Agent, any Lender, any L/C Issuer or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrowers.

For purposes of this Section, "Information" means all information received from any Loan Party relating to any Loan Party or any of its businesses, other than any such information that is available to any Agent, any Lender or any L/C Issuer on a nonconfidential basis prior to disclosure by any Loan Party; provided

that, in the case of information received from any Loan Party after the Closing Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Agents, the Lenders and the L/C Issuers acknowledges that (a) the Information may include material non-public information concerning any Borrower or any Restricted Affiliate, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including federal, state and provincial securities Laws.

10.07 **Right of Set-off**. If an Event of Default shall have occurred and be continuing, each Lender, each L/C Issuer and each of their respective Affiliates is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Administrative Agent, to the fullest extent permitted by applicable Law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by such Lender and such L/C Issuer to or for the credit or the account of any Borrower or any other Loan Party against any and all of the obligations of such Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender or such L/C Issuer, irrespective of whether or not such Lender or such L/C Issuer shall have made any demand under this Agreement or any other Loan Document and although such obligations of such Borrower or such Loan Party may be contingent or unmatured or are owed to a branch or office of such Lender, such L/C Issuer or any such Affiliate different from the branch or office holding such deposit or obligated on such indebtedness. The rights of each Lender, each L/C Issuer or their respective Affiliates under this Section are in addition to other rights and remedies (including other rights of set-off) that such Lender and such L/C Issuer may have. Each Lender, each L/C Issuer or their respective Affiliates agrees to notify the applicable Borrower and the Administrative Agent promptly after any such set-off and application; provided that the failure to give such notice shall not affect the validity of such set-off and application.

10.08 **Interest Rate Limitation**. Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If any Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the applicable Borrower. In determining whether the interest contracted for, charged, or received by an Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.09 **Counterparts; Integration; Effectiveness**. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract

among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

10.10 **Survival of Representations and Warranties**. All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by any Agent or any Lender or on their behalf and notwithstanding that any Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

10.11 **Severability**. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.12 **Replacement of Lenders**. If any Lender requests compensation under Section 3.04, or if any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 3.01, or if any Lender is a Defaulting Lender or if any Lender has refused to consent to any waiver or amendment with respect to any Loan Document that requires such Lender~~'~~'s consent and has been consented to by the Required Lenders, then the Borrowers may, in addition to their rights under Section 2.06(c), at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in, and consents required by, Section 10.06), all of its interests, rights and obligations under this Agreement and the related Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that:

(a) the Borrowers shall have paid to the Administrative Agent the assignment fee specified in Section 10.06(b);

(b) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and L/C Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder and under the other Loan Documents (including any amounts under Section 3.05) from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts);

(c) in the case of any such assignment resulting from a claim for compensation under Section 3.04 or payments required to be made pursuant to Section 3.01, such assignment will result in a reduction in such compensation or payments thereafter; and

(d) such assignment does not conflict with applicable Laws.

A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling any Borrower to require such assignment and delegation cease to apply.

10.13 **Governing Law; Jurisdiction; Etc**.

(a) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) Submission to Jurisdiction. Each Borrower and each other Loan Party irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that any Agent, any Lender or any L/C Issuer may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Borrower or any other Loan Party or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each Borrower and each other Loan Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby agrees that Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York shall apply to the Loan Documents and irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each Borrower and each other Loan Party consents to process being served in any action or proceeding of the nature referred to in paragraph (b) of this Section by mailing a copy thereof by registered or certified mail to such Borrower or such other Loan Party at its address set forth in Section 10.02 or, in the case of each Canadian Loan Party, at its registered office; provided that the Canadian Borrower hereby irrevocably appoints the U.S. Borrower its authorized agent to accept and acknowledge service of any and all process which may be served in any suit, action or proceeding of the nature referred to in paragraph (b) of this Section. Each Borrower and each other Loan Party agrees that such service of process (i) shall be deemed in every respect effective and binding service of process upon such Borrower or such other Loan Party, as the case may be, in any such action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such Borrower or such other Loan Party, as the case may be. Nothing herein shall affect the right of any Agent, any L/C Issuer or any Lender to serve process in any

other manner permitted by law or shall limit the right of the Agents, the L/C Issuers and the Lenders to bring proceedings against any Borrower or any other Loan Party in the courts of any other jurisdiction.

(e) Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.14 **No Advisory or Fiduciary Responsibility**. In connection with all aspects of each transaction contemplated hereby, each Borrower acknowledges and agrees, and acknowledges their respective Affiliates' understanding, that: (i) the credit facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrowers and their respective Affiliates, on the one hand, and the Agents, the Arrangers and the Lenders, on the other hand, and each Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, each of the Agents, the Arrangers and the Lenders is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for any Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person; (iii) neither the Agents, the Arrangers nor the Lenders has assumed or will assume an advisory, agency or fiduciary responsibility in favor of the Borrowers with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether any Agent, any Arranger or any Lender has advised or is currently advising any Borrower or any of its Affiliates on other matters) and neither the Agents, the Arrangers nor the Lenders has any obligation to any Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Agents, the Arrangers, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers and their respective Affiliates, and neither the Agents, the Arrangers nor the Lenders has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Agents, the Arrangers and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and each Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. Each Borrower hereby waives and releases, to the fullest extent permitted

by law, any claims that it may have against the Agents, the Arrangers and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty.

10.15 **Affiliate Activities**. Each of the Borrowers and each of the Parent Affiliates acknowledges that each Agent, the Arrangers and each Lender (and their respective Affiliates) is a full service securities firm engaged, either directly or through affiliates, in various activities, including securities trading, investment banking and financial advisory, investment management, principal investment, hedging, financing and brokerage activities and financial planning and benefits counseling for both companies and individuals. In the ordinary course of these activities, any of them may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and/or financial instruments (including bank loans) for their own account and for the accounts of customers and may at any time hold long and short positions in such securities and/or instruments. Such investment and other activities may involve securities and instruments of the Parent Affiliates and their Affiliates, as well as of other entities and persons and their Affiliates which may (i) be involved in transactions arising from or relating to the transactions contemplated hereby and by the other Loan documents, (ii) be customers or competitors of the Parent Affiliates and their Affiliates or (iii) have other relationships with the Parent Affiliates and their Affiliates. In addition, it may provide investment banking, underwriting and financial advisory services to such other entities and persons. It may also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities of the Parent Affiliates and their Affiliates or such other entities. The transactions contemplated hereby and by the other Loan Documents may have a direct or indirect impact on the investments, securities or instruments referred to in this Section 10.15.

10.16 **USA PATRIOT Act Notice**. Each Lender that is subject to the PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Borrower that pursuant to the requirements of the PATRIOT Act and other "know your client" applicable laws, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the PATRIOT Act. The Borrowers shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering laws, rules and regulations, including the PATRIOT Act.

10.17 **Acknowledgment and Consent to Bail-In of EEA Financial Institutions**. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

(i) a reduction in full or in part or cancellation of any such liability;

(ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or

(iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

10.18 **Intercreditor Agreement Governs**. The Administrative Agent, the Collateral Agent, and each Lender (a) hereby agrees that it will be bound by and will take no actions contrary to the provisions of any intercreditor agreement entered into pursuant to the terms hereof (including the ABL Intercreditor Agreement) and (b) hereby authorizes and instructs the Administrative Agent and the Collateral Agent to enter into each intercreditor agreement entered into pursuant to the terms hereof (including the ABL Intercreditor Agreement) and to subject the Liens securing the Secured Obligations to the provisions thereof.

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Annex II

US COMMITMENTS AND PERCENTAGES

Lender	US Commitment
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

CANADIAN COMMITMENTS AND PERCENTAGES

Lender	Canadian Commitment
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

SCHEDULE 1.01A – 1

Account Debtors (Affiliates)

None.

SCHEDULE 1.01A – 2

Account Debtors (Excess Receivables)

Name	Rating: S&P	Rating: Moody's
BP Canada Energy Group ULC	N/R	N/R
BP Corporation North America Inc.	A-	A2
BP Energy Company	A-	A2
Cargill Incorporated	A	A2
Castleton Commodities Merchant Trading L.P.	N/R	N/R
ConocoPhillips Canada Marketing & Trading ULC	A-	Baa1
Conoco Phillips Company	A-	Baa1
EDF Trading North America, LLC	A-	A3
Exelon Generation Company	BBB+	A3
J. Aron & Company	A-	Baa1
Koch Energy Services, LLC	AA-	Aa3
Macquarie Energy Canada Ltd.	A	A2
Macquarie Energy, LLC	A	A2
Merrill Lynch Commodities Canada ULC	A-	Baa1
Merrill Lynch Commodities Inc.	A-	Baa1
Natural Gas Exchange	N/R	N/R
NJR Energy Services Company	N/R	N/R
Pacific Gas & Electric Company	A-	A2
Royal Bank of Canada	AA-	A1
Scotia Commodities Inc.	A+	A1
Sequent Energy Management, L.P.	N/R	N/R
Shell Energy North America (Canada) Inc.	A	A3
Shell Energy North America (US), L.P.	A	A3
TransCanada Gas Storage Partnership	N/R	N/R
TransCanada Pipelines Ltd.	A-	A3
Wells Fargo Commodities, LLC	A	A2
Any Affiliate of any Lender	N/A	N/A

* Note that the ratings indicated above either apply to the company listed or to a parent that has provided a guarantee.

SCHEDULE 1.01A – 3

Existing Letters of Credit

0

SCHEDULE 5.06

Litigation

1. San Mateo County v. Chevron, et al., N.D. Cal. Case No. 3:17-cv-04929-VC
2. Imperial Beach v. Chevron, et al., N.D. Cal Case No. 3:17-cv-04934-VC
3. Marin County v. Chevron, et al., N.D. Cal. Case No 3:17-cv-04935-VC
4. County of Santa Cruz v. Chevron, et al., N.D. Cal Case No. 3:17-cv-03242-VC
5. City of Richmond v. Chevron, et al., Case No. C18-00055

SCHEDULE 5.08

Real Property

Physical Address	Courier Address	Mailing Address
Access Gas Services (Ontario) Inc. 2000 Argentia Road Plaza III, Suite 102 Mississauga, Ont. L5N 1V9	Access Gas Services (Ontario) Inc. 2000 Argentia Road Plaza III, Suite 102 Mississauga, Ont. L5N 1V9	Access Gas Services (Ontario) Inc. 2000 Argentia Road Plaza III, Suite 102 Mississauga, Ont. L5N 1V9
Access Gas Services Inc. Suite 201 - 800 Carleton Court Delta, BC V3M 6Y6	Access Gas Services Inc. Suite 201 - 800 Carleton Court Delta, BC V3M 6Y6	Access Gas Services Inc. Suite 201 - 800 Carleton Court Delta, BC V3M 6Y6
AECO Gas Storage Partnership **Countess Facility** 7.5 km south of Hwy 561 on west side of 56 Hussar, AB T0J 1S0	AECO Gas Storage Partnership **Countess Facility** 7.5 km south of Hwy 561 on west side of 56 Hussar, AB T0J 1S0 **Sort to route 306 (DHL)**	AECO Gas Storage Partnership **Countess Facility** c/o #400, 607 - 8th Avenue S.W. Calgary, AB T2P 0A7
AECO Gas Storage Partnership **Suffield Facility** 38.4 km north of Highway 1 on Jenner Road	AECO Gas Storage Partnership **Suffield Facility** c/o Suffield Industry Range Control, SIRC Building 441, CFB Suffield TOJ 2NO	AECO Gas Storage Partnership **Suffield Facility** c/o #400, 607 - 8th Avenue S.W. Calgary, AB T2P 0A7
BIF II CalGas (Delaware) LLC 23265 N. State Rt. 99 (West Frontage) Acampo, CA 95220	BIF II CalGas (Delaware) LLC 23265 N Hwy 99 Frontage Road Acampo, CA 95220	BIF II CalGas (Delaware) LLC 23265 N Hwy 99 Frontage Road Acampo, CA 95220
BIF II Tres Palacios Aggregator (Delaware) LLC Matagorda, Wharton, and Colorado Counties, TX	Tres Palacios Gas Storage 6700 FM 1468 N., Markham, TX 77456	BIF II Tres Palacios Aggregator (Delaware) LLC c/o #400, 607 - 8th Avenue S.W. Calgary, AB T2P 0A7
Lodi Gas Storage, L.L.C. 23265 N. State Rt. 99 (West Frontage) Acampo, CA 95220	Lodi Gas Storage, L.L.C. 23265 N Hwy 99 Frontage Road Acampo, CA 95220	Lodi Gas Storage, L.L.C. 23265 N Hwy 99 Frontage Road Acampo, CA 95220
Salt Plains Storage, LLC	Salt Plains Storage, LLC	Salt Plains Storage, LLC

Physical Address	Courier Address	Mailing Address
½ Mile South & ½ Mile West of Manchester, OK 73758	½ Mile South & ½ Mile West of Manchester, OK 73758	c/o #400, 607 - 8th Avenue S.W. Calgary, AB T2P 0A7
Starks Gas Storage L.L.C. 3.8 Mi SW of Starks, LA 70661a	Starks Gas Storage L.L.C c/o #400, 607 - 8th Avenue S.W. Calgary, AB T2P 0A7	Starks Gas Storage L.L.C c/o #400, 607 - 8th Avenue S.W. Calgary, AB T2P 0A7
Wild Goose Storage, LLC 2780 West Liberty Road Gridley, CA 95948	Wild Goose Storage, LLC 2780 West Liberty Road Gridley, CA 95948	Wild Goose Storage, LLC c/o #400, 607 - 8th Avenue S.W. Calgary, AB T2P 0A7

SCHEDULE 5.11

Audits/Examinations of Tax Returns

Jurisdiction:	Canada
Auditing Party:	Canada Revenue Agency
Legal Entity:	Niska Holdco ULC
Type of Tax:	Income tax
Years Under Review:	April 26, 2010 to January 1, 2012
Likely Outcome:	No change
Jurisdiction:	Canada
Auditing Party:	Canada Revenue Agency
Legal Entity:	Niska Gas Storage Canada ULC
Type of Tax:	Income tax
Years Under Review:	January 1, 2012 to December 31, 2013
Likely Outcome:	No change
Jurisdiction:	Canada
Auditing Party:	Canada Revenue Agency
Legal Entity:	Niska Partners Coöperatief U.A.
Type of Tax:	Income tax
Years Under Review:	January 1, 2012 to December 31, 2013
Likely Outcome:	No change
Jurisdiction:	Netherlands
Auditing Party:	Dutch Tax Authority
Legal Entity:	Niska Partners Coöperatief U.A.
Type of Tax:	Income tax
Years Under Review:	April 1, 2013 to March 31, 2015
Likely Outcome:	No change

SCHEDULE 5.13

Subsidiaries; Other Equity Investments; Information Regarding Loan Parties

PART A

Subsidiaries of Swan Equity Sub-Aggregator LP and Swan GP LLC

Rockpoint Gas Storage Partners LP
Rockpoint US GP LLC
Rockpoint GS Holdings I, LP
Rockpoint Gas Storage US, LLC
Rockpoint Midstream LLC
Rockpoint Gas Storage LLC
Rockpoint Gas Storage US Finance Corp.
Salt Plains Storage, LLC
Rockpoint Partners Management US Inc.
Starks Gas Storage L.L.C.
Coastal Bend Gas Storage, LLC
Rockpoint Gas Storage Management LLC
Rockpoint Gas Storage Canada Ltd.
Rockpoint Canada GP ULC
AECO Gas Storage Partnership
Rockpoint Gas Storage Canada Finance Corp.
Access Gas Services Inc.
Access Gas Services (Ontario) Inc.
EnerStream Agency Services Inc.
Wild Goose Storage, LLC

Subsidiaries of BIF II CalGas (Delaware) LLC
Lodi Gas Storage, L.L.C.

Subsidiaries of BIF II Tres Palacios Aggregator (Delaware) LLC
BIF II Tres Palacios Storage (Delaware) LLC

BIF II Tres Palacios Storage Sub (Delaware) LLC

Equity Investments

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Rockpoint US GP LLC	Rockpoint Gas Storage Partners LP	sole membership interest	N/A
Rockpoint GS Holdings I, LP	Rockpoint Gas Storage Partners LP	limited partnership interest - 99.999%	N/A
Rockpoint Gas Storage Management LLC	Rockpoint Gas Storage Partners LP	sole membership interest	N/A
Rockpoint GS Holdings I, LP	Rockpoint US GP LLC	general partnership interest - 0.001%	N/A
Rockpoint Gas Storage US, LLC	Rockpoint GS Holdings I, LP	sole membership interest	N/A
Rockpoint Gas Storage LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Midstream LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Gas Storage US Finance Corp.	Rockpoint Gas Storage LLC	1000 Common Stock Shares	N/A
Salt Plains Storage, LLC	Rockpoint Gas Storage LLC	sole membership interest	N/A
Rockpoint Partners Management US Inc.	Rockpoint Gas Storage LLC	1000 Common Stock Shares	N/A
Starks Gas Storage L.L.C.	Rockpoint Gas Storage LLC	sole membership interest	N/A
Coastal Bend Gas Storage, LLC	Rockpoint Gas Storage LLC	sole membership interest	N/A

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Rockpoint Gas Storage Canada Ltd.	Rockpoint Gas Storage Partners LP	181,328,136 common shares	7
AECO Gas Storage Partnership	Rockpoint Gas Storage Canada Ltd.	partnership interest - 99.999%	N/A
AECO Gas Storage Partnership	Rockpoint Canada GP ULC	partnership interest - 0.001%	N/A
Rockpoint Gas Storage Canada Finance Corp.	Rockpoint Gas Storage Canada Ltd.	1,000 Class A Common shares	3AC
Access Gas Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares and 1,000 Preferred Shares	A-7 3-P
Access Gas Services (Ontario) Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	2
EnerStream Agency Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	2
Lodi Gas Storage, L.L.C.	BIF II CalGas (Delaware) LLC	partnership interest - 100%	N/A
Wild Goose Storage, LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Gas Storage Partners LP	Swan Equity Sub-Aggregator LP	partnership interest - 99.999%	N/A
Rockpoint Gas Storage Partners LP	Swan GP LLC	partnership interest - 0.001%	N/A
Rockpoint Canada GP ULC	Rockpoint Gas Storage Canada Ltd.	10,000 common shares	3C
Tres Palacios Holdings LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	membership interest	N/A

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
BIF II Tres Palacios Storage (Delaware) LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	sole membership interest	N/A

PART B

Equity Investments

BIF II Tres Palacios Aggregator (Delaware) LLC owns 49.99% of the Equity Interests issued by Tres Palacios Holdings LLC.

PART C

Information Regarding Loan Parties

Company Name	Jurisdiction of Organization	Chief Executive Office	Tax Identification Number (or Organizational Number)
Swan Equity Sub-Aggregator LP	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Swan GP LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage Partners LP	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Wild Goose Storage, LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Lodi Gas Storage, L.L.C.	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint US GP LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint GS Holdings I, LP	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]

Company Name	Jurisdiction of Organization	Chief Executive Office	Tax Identification Number (or Organizational Number)
Rockpoint Gas Storage US, LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage US Finance Corp.	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Salt Plains Storage, LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Partners Management US Inc.	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Starks Gas Storage L.L.C.	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Coastal Bend Gas Storage, LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Midstream LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage Canada Ltd.	Alberta, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]

Company Name	Jurisdiction of Organization	Chief Executive Office	Tax Identification Number (or Organizational Number)
Rockpoint Canada GP ULC	Alberta, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
AECO Gas Storage Partnership	Alberta, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage Canada Finance Corp.	Alberta, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Access Gas Services Inc.	British Columbia, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Access Gas Services (Ontario) Inc.	Ontario, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
EnerStream Agency Services Inc.	Ontario, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
BIF II CalGas (Delaware) LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
BIF II Tres Palacios Aggregator (Delaware) LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage Management LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]

SCHEDULE 6.15

Deposit Accounts, Securities Accounts and Commodities Accounts

Bank	Account Owner	Account Number	Account Type
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

Bank	Account Owner	Account Number	Account Type
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

SCHEDULE 6.17

Post-Closing Matters

1. Within thirty (30) days of the Amendment No. 2 Effective Date, or such later date as agreed to by the Administrative Agent, enter into Control Agreements for each of its deposit, securities, commodity or similar accounts (other than Excluded Accounts) including, but not limited to, all of the accounts listed on Schedule 6.15, to the extent not already subject to a Control Agreement.

SCHEDULE 7.01

Existing Liens

Debtor	Secured Party	File Number	Filing Date	Jurisdiction	Collateral
Wild Goose Storage, LLC 607-8th Avenue S.W., Suite 400 Calgary, AB	RBS Asset Finance, Inc. 71 South Wacker Drive 28th Floor Chicago, IL 60606	Original 2010 0650436	Original 2/26/10	DE SOS	Leased equipment
		Amendment 2010 1329394 (add collateral)	Amendment 4/16/10		
		Continuation 2015 0582071	Continuation 2/2/15		
Wild Goose Storage, LLC 607-8th Avenue S.W., Suite 400 Calgary, AB	RBS Asset Finance, Inc. 71 South Wacker Drive 28th Floor Chicago, IL 60606	Original 2011 2540436	Original 7/1/11	DE SOS	Leased equipment
		Continuation 20162769238	Continuation 5/9/16		
Wild Goose Storage, LLC 2780 West Liberty Road Gridley, CA 95948	RBS Asset Finance, Inc. 71 South Wacker Drive 28th Floor Chicago, IL 60606	Original 2011 4454479	Original 11/18/11	DE SOS	Leased equipment
		Continuation 20165344112	Continuation 9/1/16		

SCHEDULE 7.02

Existing Investments

Investments described in Part A of Schedule 5.13.

SCHEDULE 7.03

Existing Indebtedness

None.

SCHEDULE 7.10

Burdensome Agreements

None.

SCHEDULE 10.02

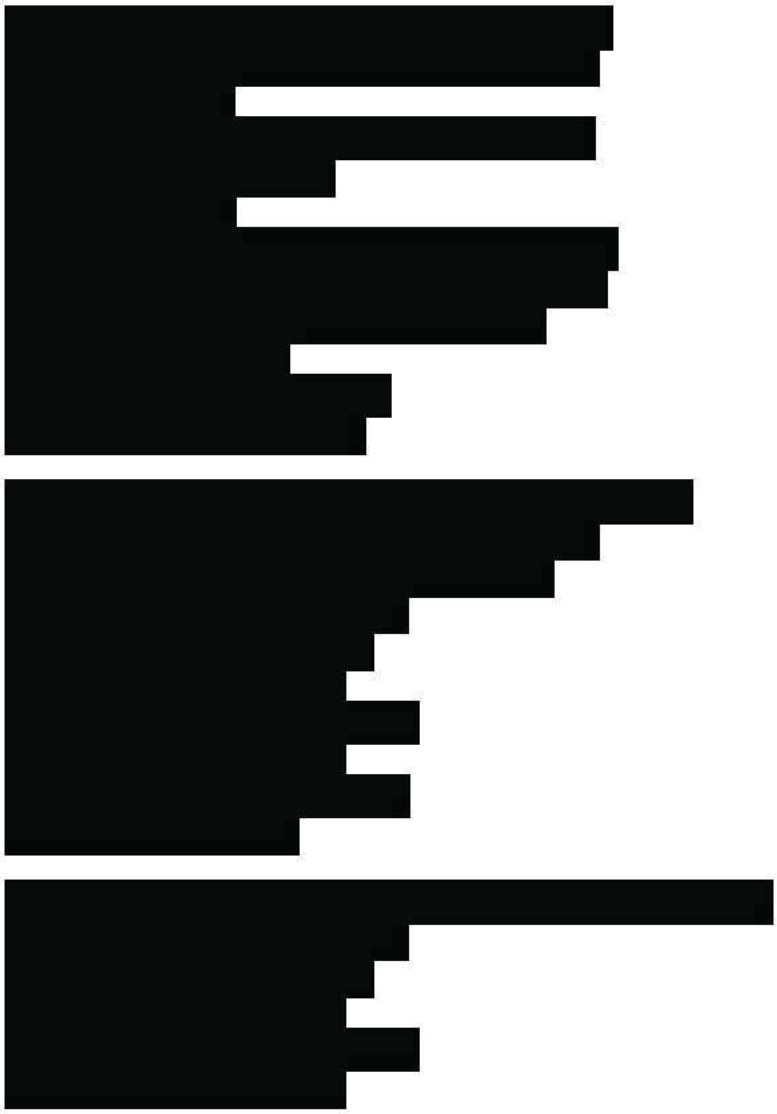
Administrative Agent's Office; Certain Addresses for Notices

ADMINISTRATIVE AGENT:

Administrative Agent's Office

(for payments and Requests for Credit Extensions):

Royal Bank of Canada
Royal Bank Plaza, 20 King Street West
4th Floor, South Tower
Toronto, ON M5H 1C4
Telephone: 416 842-3910
Telecopier: 416 842-4023



[redacted]

Other Notices as Administrative Agent:

Royal Bank of Canada
Royal Bank Plaza, 20 King Street West
4th Floor, South Tower
Toronto, ON M5H 1C4
Telephone: 416 842-3910
Telecopier: 416 842-4023

US L/C ISSUER:

Royal Bank of Canada
Royal Bank Plaza, 20 King Street West
4th Floor, South Tower
Toronto, ON M5H 1C4
Telephone: 416 842-3910
Telecopier: 416 842-4023

CANADIAN L/C/ ISSUER:

Royal Bank of Canada
Royal Bank Plaza, 20 King Street West
4th Floor, South Tower
Toronto, ON M5H 1C4
Telephone: 416 842-3910
Telecopier: 416 842-4023

Credit Contacts

Mike Gaudet, Director
Royal Bank of Canada
Bankers Hall
888 3rd St SW, 39th Floor
Calgary, AB T2P 5C5
Telephone: 403-216-4826
Email: michael.gaudet@rbccm.com

Administrative Contacts

Royal Bank of Canada
Royal Bank Plaza, 20 King Street West
4th Floor, South Tower
Toronto, ON M5H 1C4

Telephone: 416 842-3910
Telecopier: 416 842-4023

ANY BORROWER OR ANY OTHER LOAN PARTY:

400 - 607 8th Ave SW
Calgary, AB T2P 0A7

Attention: Darren Soice
Telephone: 403-513-8622
Telecopier: n/a
and
Attention: Jason Dubchak
Telephone: (403) 513-8647
Telecopier: 1 (866) 208-6397

ABL GUARANTY (U.S.)

THIS GUARANTY (this "Guaranty") is made as of December 22, 2016, by NISKA GAS STORAGE PARTNERS L.P., a Delaware limited partnership (the "US Borrower"), each of the other entities listed on the signature pages hereof or that become parties hereto pursuant to Section 12 hereof (each an "Affiliate Guarantor" and collectively with the US Borrower, the "Guarantors"), in favor of each Agent, each Lender, each L/C Issuer and each other Person to which any Obligation (as each such term is defined in the Credit Agreement referred to below) is owed (each a "Guaranteed Party" and collectively, the "Guaranteed Parties").

RECITALS:

WHEREAS, the US Borrower, AECO GAS STORAGE PARTNERSHIP, an Alberta general partnership (the "Canadian Borrower"; and together with the US Borrower, the "Borrowers" and each, individually, a "Borrower"), SWAN EQUITY SUB-AGGREGATOR LP and SWAN GP LLC, as Parent Affiliates, ROYAL BANK OF CANADA, as the Administrative Agent and Collateral Agent, and the Lenders parties thereto have entered into an ABL Credit Agreement dated as of even date herewith (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement");

WHEREAS, pursuant to the Credit Agreement, the Lenders and the L/C Issuer have agreed to extend credit to the Borrowers;

WHEREAS, the Lenders and Affiliates of the Lenders may from time to time enter into Secured Cash Management Agreements with the Loan Parties;

WHEREAS, the Borrowers are members of an affiliated group of companies that includes each Affiliate Guarantor;

WHEREAS, the proceeds of the extensions of credit to the Borrowers under the Credit Agreement will be used in part to enable the Borrowers to make valuable transfers to one or more of the other Guarantors in connection with the operation of their respective businesses;

WHEREAS, each Guarantor will derive substantial direct or indirect benefits from the making of the Loans, the issuance of Letters of Credit and the granting of the other financial accommodations to the Borrowers under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders and the L/C Issuers to extend such credit under the Credit Agreement that the Guarantors shall have executed and delivered this Guaranty for the benefit of the Guaranteed Parties.

NOW, THEREFORE, in consideration of the premises, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows;

AGREEMENTS:

Section 1. Definitions. Reference is hereby made to the Credit Agreement for all purposes. All terms used in this Guaranty that are defined in the Credit Agreement and not otherwise defined herein shall have the same meanings when used herein. All references herein to any Loan Document or other document or instrument refer to the same as from time to time amended, supplemented or restated. As used herein, the following terms shall have the following meanings:

"Additional Guarantor" has the meaning given to such term in Section 12.

"Affiliate Guarantor" has the meaning set forth in the recitals of this Guaranty.

"Bankruptcy Code" means the Title 11 of the United States Code.

"Borrowers" has the meaning set forth in the recitals of this Guaranty.

"Canadian Borrower" has the meaning set forth in the recitals of this Guaranty.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Credit Agreement" has the meaning set forth in the recitals of this Guaranty.

"Excluded Swap Obligation" means, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guaranty of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) and any other applicable law by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the Guaranty of such Guarantor, or a grant by such Guarantor of a security interest, becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which the Guaranty or security interest is or becomes illegal.

"Guaranteed Obligations" means with respect to a Guarantor, the Obligations and the Secured Cash Management Obligations (other than the Excluded Swap Obligations of such Guarantor), in each case, of all Loan Parties (other than the Obligations of such Guarantor).

"Guaranteed Parties" has the meaning set forth in the introductory paragraph of this Guaranty.

"Guarantor" has the meaning set forth in the introductory paragraph of this Guaranty.

"Guaranty" has the meaning set forth in the introductory paragraph of this Guaranty.

"Net Worth" has the meaning given to such term in Section 3.

"Obligors" means each Borrower, each Guarantor, any other Loan Party and any other endorsers, guarantors or obligors, primary or secondary, of any or all of the Guaranteed Obligations.

"Qualified ECP Guarantor" means in respect of any Swap Obligation, each Loan Party that has assets exceeding $10,000,000 at the time the relevant Guaranty or grant of the relevant security interest becomes effective with respect to such Swap Obligation or such other person constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under §1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Specified Loan Party" means any Loan Party that is not a Qualified ECP Guarantor.

"Swap Obligation" means any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

"Security" means any rights, properties or interests of the Agents, the L/C Issuers or the Lenders, under the Loan Documents or otherwise, which provide recourse or other benefits to the Agents, the L/C Issuers or the Lenders in connection with the Guaranteed Obligations or the non-payment or non-performance thereof, including Collateral (whether real or personal, tangible or intangible) in which the Agents, the L/C Issuers or the Lenders have rights under or pursuant to any Loan Documents, guaranties of the payment or performance of any Guaranteed Obligation, bonds, surety agreements, keep-well agreements, letters of credit, rights of subrogation, rights of offset, and rights pursuant to which other claims are subordinated to the Guaranteed Obligations.

"US Borrower" has the meaning set forth in the introductory paragraph of this Guaranty.

Section 2. Guaranty.

(a) Each Guarantor hereby absolutely, unconditionally and irrevocably guarantees, jointly with the other Guarantors and severally, as primary obligor and not merely as surety, the full and punctual payment and performance when due and in the currency due, whether at stated maturity or earlier, by reason of acceleration, mandatory prepayment or otherwise in accordance herewith or any other Loan Document, of all of the Guaranteed Obligations, whether or not from time to time reduced or extinguished (other than by reason of the payment thereof) or hereafter increased or incurred, whether or not recovery may be or hereafter may become barred by any statute of limitations, whether or not enforceable as against any Loan Party, whether now or hereafter existing, and whether due or to become due, including principal, interest (including interest at the contract rate applicable upon default accrued or accruing after the commencement of any proceeding under the Bankruptcy Code or any applicable provisions of comparable state or foreign law, whether or not such interest is an allowed claim in such proceeding), fees and costs of collection. This Guaranty constitutes a guaranty of payment and performance and not of merely collection.

(b) If any amount in respect of the Guaranteed Obligations is not recoverable from the Guarantors hereunder on the basis of a guarantee, then, notwithstanding any other provision

hereof, each Guarantor shall jointly with the other Guarantors and severally indemnify and save harmless the Guaranteed Parties from and against any and all losses, damages, costs, expenses or liabilities suffered or incurred by the Guaranteed Parties resulting or arising from or relating to any failure of any Borrower or any other Loan Party to unconditionally and irrevocably pay in full or fully perform the Guaranteed Obligations as and when such Guaranteed Obligations shall become due and, in the case of payment obligations, payable (whether by stated maturity, acceleration or otherwise), provided that the amount of such indemnification shall not exceed the amount of such Guaranteed Obligations and any amounts due and owing hereunder.

(c) Each Guarantor further agrees that, if (i) any payment made by any Borrower or any other Person and applied to the Guaranteed Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or (ii) the proceeds of Security are required to be returned by any Guaranteed Party to any Borrower, its estate, trustee, receiver or any other Person, including any Guarantor, under any Debtor Relief Law, equitable cause or any other requirement of Law, then, to the extent of such payment or repayment, any such Guarantor's liability hereunder (and any Lien or other Security securing such liability) shall be and remain in full force and effect, as fully as if such payment had never been made. If, prior to any of the foregoing, this Guaranty shall have been cancelled or surrendered (and if any Lien or other Security securing such Guarantor's liability hereunder shall have been released or terminated by virtue of such cancellation or surrender), this Guaranty (and such Lien or other Security) shall be reinstated in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of any such Guarantor in respect of the amount of such payment (or any Lien or other Security securing such obligation). Any transfer by subrogation which is made as contemplated in Section 7 prior to any such payment or payments shall (regardless of the terms of such transfer) be automatically voided upon the making of any such payment or payments, and all rights so transferred shall thereupon revert to and be vested in the Guaranteed Parties. If either Borrower or any other Obligor shall for any reason fail to perform promptly any Guaranteed Obligation as and when such Guaranteed Obligation shall become due and, in the case of a payment obligation, payable (whether by stated maturity, acceleration or otherwise), each Guarantor will jointly with the other Guarantors and severally forthwith, upon demand by Administrative Agent, on behalf of the Guaranteed Parties, cause such Guaranteed Obligation to be performed or, if specified by Administrative Agent, provide sufficient funds, in such amount and manner as Administrative Agent shall in good faith determine, for the prompt, full and faithful performance of such Guaranteed Obligation by Administrative Agent or such other Person as Administrative Agent shall designate.

(d) Any term or provision of this Guaranty or any other Loan Document to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations for which any Affiliate Guarantor shall be liable shall not exceed the maximum amount for which such Affiliate Guarantor can be liable without rendering this Guaranty or any other Loan Document, as it relates to such Affiliate Guarantor, subject to avoidance under applicable Law relating to fraudulent conveyance or fraudulent transfer (including Section 548 of the Bankruptcy Code or any applicable provisions of any other applicable Debtor Relief Law) (collectively, "Fraudulent Transfer Laws"), in each case after giving effect (i) to all other liabilities of such Affiliate Guarantor, contingent or otherwise, that are relevant under such Fraudulent Transfer Laws and (ii) to the value of assets of such Affiliate Guarantor (as determined under the

applicable provisions of such Fraudulent Transfer Laws) after giving effect to any rights to subrogation, contribution, reimbursement, indemnity or similar rights held by such Guarantor pursuant to (A) applicable requirements of Law, (B) Section 3 of this Guaranty or (C) any other contractual obligations providing for an equitable allocation among such Affiliate Guarantor and other Subsidiaries or Affiliates of any Borrower of the Guaranteed Obligations.

(e) Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each Specified Loan Party to honor all of such Specified Loan Party's obligations under this Agreement in respect of Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 2(e) for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 2(e), or otherwise under this Agreement, voidable under applicable law, including applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 2(e) shall remain in full force and effect until the Termination Conditions in Section 15 hereto have been satisfied. Each Qualified ECP Guarantor intends that this Section 2(e) constitute, and this Section 2(e) shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each Specified Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Section 3. Contribution.

(a) To the extent that any Guarantor shall be required hereunder to pay a portion of the Guaranteed Obligations exceeding the greater of (a) the amount of the economic benefit actually received by such Guarantor from the Loans and the other financial accommodations provided to the Borrowers and other Loan Parties under the Loan Documents and the Secured Cash Management Agreements and (b) the amount such Guarantor would otherwise have paid if such Guarantor had paid the aggregate amount of the Guaranteed Obligations in the same proportion as such Guarantor's Net Worth at the date enforcement is sought hereunder bears to the aggregate Net Worth of all the Loan Parties at the date enforcement is sought hereunder, then such Guarantor shall be reimbursed by such other Loan Parties for the amount of such excess, pro rata, based on the respective Net Worth of such other Guarantors at the date enforcement hereunder is sought. As used in this Section 3, the "Net Worth" of each Loan Party means, at any time, the remainder of (i) the fair value of such Guarantor's assets (other than any rights to contribution), minus (ii) the fair value of such Loan Party's liabilities (other than its liabilities under its guaranty of the Guaranteed Obligations).

Section 4. Unconditional Guaranty.

(a) No action which any Guaranteed Party may take or omit to take in connection with any of the Loan Documents, any of the Guaranteed Obligations or any Security, and no course of dealing of any Guaranteed Party with any Obligor or any other Person, shall release or diminish any Guarantor's obligations, liabilities, agreements or duties hereunder, affect this Guaranty in any way, or afford any Guarantor any recourse against any Guaranteed Party, regardless of whether any such action or inaction may increase any risks to or liabilities of any Guaranteed Party or any Obligor or increase any risk to or diminish any safeguard of any

Security. Without limiting the foregoing, each Guarantor hereby expressly agrees that each Guaranteed Party may, from time to time, without notice to (except as contemplated hereby or by any other Loan Document) or the consent of such Guarantor, do any or all of the following, in each case, in accordance with the terms of the Loan Documents:

(i) amend, change or modify, in whole or in part, any one or more of the other Loan Documents (except an amendment to a Loan Document to which a Guarantor is a party to the extent such amendment requires the consent of such Guarantor) and give or refuse to give any waivers or other indulgences with respect thereto;

(ii) neglect, delay, fail, or refuse to take or prosecute any action for the collection or enforcement of any of the Guaranteed Obligations, to foreclose or take or prosecute any action in connection with any Security or Loan Document, to bring suit against any Obligor or any other Person, or to take any other action concerning the Guaranteed Obligations or the Loan Documents;

(iii) accelerate, change, rearrange, extend, or renew the time, rate, terms, or manner for payment or performance of any one or more of the Guaranteed Obligations (whether for principal, interest, fees, expenses, indemnifications, affirmative or negative covenants, or otherwise);

(iv) compromise or settle any unpaid or unperformed Guaranteed Obligation or any other obligation or amount due or owing, or claimed to be due or owing, under any one or more of the Loan Documents;

(v) take, exchange, amend, eliminate, surrender, release, or subordinate any or all Security for any or all of the Guaranteed Obligations, accept additional or substituted Security therefor, and perfect or fail to perfect any Guaranteed Party's rights in any or all Security;

(vi) discharge, release, substitute or add any Obligor; or

(vii) apply all monies received from Obligors or others, or from any Security for any of the Guaranteed Obligations, as the Guaranteed Parties may determine to be in their best interest, without in any way being required to marshal Security or assets or to apply all or any part of such monies upon any particular Guaranteed Obligations.

(b) Except pursuant to a transaction permitted by the Credit Agreement or any other Loan Document, no action or inaction of any Obligor or any other Person, and no change of Law or circumstances, shall release or diminish any Guarantor's obligations, liabilities, agreements, or duties hereunder, affect this Guaranty in any way, or afford any Guarantor any recourse against any Guaranteed Party. Without limiting the foregoing, each Guarantor, to the fullest extent permitted by applicable Law, hereby waives any defense of a surety or guarantor or any other obligor on any obligations arising in connection with or in respect of any of the following and hereby unconditionally and irrevocably agrees that its obligations under this Guaranty are absolute and unconditional and shall not be released, diminished, impaired, reduced, or affected by the occurrence of any or all of the following from time to time, even if occurring without notice to or without the consent of such Guarantor:

(i) any voluntary or involuntary liquidation, dissolution, sale of all or substantially all assets, marshalling of assets or liabilities, receivership, conservatorship, assignment for the benefit of creditors, insolvency, bankruptcy, reorganization, arrangement, or composition of any other Obligor or any other proceedings involving any other Obligor or any of the assets of any other Obligor under Debtor Relief Laws or other Laws for the protection of debtors, or any discharge, impairment, modification, release, or limitation of the liability of, or stay of actions or lien enforcement proceedings against, any other Obligor, any properties of any other Obligor, or the estate in bankruptcy of any other Obligor in the course of or resulting from any such proceedings;

(ii) the failure by any Guaranteed Party to file or enforce a claim in any proceeding described in the immediately preceding subsection (i) or to take any other action in any proceeding to which any other Obligor is a party;

(iii) the release by operation of Law of any other Obligor from any of the Guaranteed Obligations or any other obligations to any Guaranteed Party;

(iv) the invalidity, deficiency, illegality, or unenforceability of any of the Guaranteed Obligations of any other Obligor or any other Loan Document, in whole or in part, any bar by any statute of limitations or other Law of recovery on any of the Guaranteed Obligations of any other Obligor, or any defense or excuse of any other Obligor for failure to perform on account of force majeure, act of God, casualty, impossibility, impracticability, or other defense or excuse whatsoever, other than payment;

(v) the absence of any attempt to collect the Guaranteed Obligations or any part of them from any Obligor or other action to enforce the same;

(vi) the failure by any Guaranteed Party to take any steps to perfect and maintain any Lien on, or to preserve any rights to, any Security;

(vii) any Guaranteed Party's election, in any proceeding instituted under Chapter 11 of the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code or any applicable provisions of any other Debtor Relief Law;

(viii) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of any Guaranteed Party's claim (or claims) for repayment of the Guaranteed Obligations;

(ix) any use of cash collateral under Section 363 of the Bankruptcy Code;

(x) any agreement or stipulation as to the provision of adequate protection in any bankruptcy proceeding;

(xi) the avoidance of any Lien in favor of the Guaranteed Parties or any of them for any reason;

(xii) any change in the corporate or partnership existence or structure of any Borrower or any other Loan Party;

(xiii) any requirement of Law affecting any term of any Guarantor's obligations under this Guaranty;

(xiv) the failure of any other Obligor or any other Person to sign any guaranty or other instrument or agreement within the contemplation of any other Obligor, or any Guaranteed Party;

(xv) the fact that such Guarantor may have incurred directly part of the Guaranteed Obligations or is otherwise primarily liable therefor; or

(xvi) without limiting any of the foregoing, any fact or event (whether or not similar to any of the foregoing) which in the absence of this provision would or might constitute or afford a legal or equitable discharge or release of or defense to a guarantor or surety other than the actual payment and performance by such Guarantor under this Guaranty.

(c) Administrative Agent, on behalf of the Guaranteed Parties, may invoke the benefits of this Guaranty before pursuing any remedies against any Obligor or any other Person and before proceeding against any Security now or hereafter existing for the payment or performance of any of the Guaranteed Obligations. Administrative Agent, on behalf of the Guaranteed Parties, may maintain an action against any Guarantor on this Guaranty without joining any other Obligor therein and without bringing a separate action against any other Obligor.

(d) This is a continuing guaranty and shall apply to and cover all Guaranteed Obligations, whether now existing or in the future, and renewals and extensions thereof and substitutions therefor from time to time.

Section 5. Waiver.

(a) Each Guarantor hereby waives, with respect to the Guaranteed Obligations, this Guaranty and the other Loan Documents (in each case, except as otherwise contemplated by any Loan Document):

(i) notice of the incurrence of any Guaranteed Obligation by any Obligor, and notice of any kind concerning the assets, liabilities, financial condition, creditworthiness, businesses, prospects, or other affairs of any Obligor (it being understood and agreed that: (i) such Guarantor shall take full responsibility for informing itself of such matters, (ii) no Guaranteed Party shall have any responsibility of any kind to inform such Guarantor of such matters, and (iii) each Guaranteed Party is hereby authorized to assume that such Guarantor, by virtue of its relationships with Obligors which are independent of this Guaranty, has full and complete knowledge of such matters whenever the Guaranteed Parties extend credit to any Obligor or take any other action which may change or increase such Guarantor's liabilities or losses hereunder);

(ii) notice that any Guaranteed Party, any Obligor or any other Person has taken or omitted to take any action under any Loan Document or any other agreement or instrument relating thereto or relating to any Guaranteed Obligation;

(iii) notice of acceptance of this Guaranty and all rights of such Guarantor under any Law discharging such Guarantor from liability hereunder for failure to sue on this Guaranty;

(iv) default, demand, presentment for payment, and notice of default, demand, dishonor, nonpayment or nonperformance; and

(v) notice of intention to accelerate, diligence, promptness, protest and notice of protest, notice of acceptance, notice of any exercise of remedies (as described in the following Section 6 or otherwise) and any other notice in respect of the Guaranteed Obligations or any part of them, and any defense arising by reason of any disability or other defense of any Obligor (other than the payment in full of the Guaranteed Obligations).

Section 6. Exercise of Remedies. The Administrative Agent is the "Administrative Agent" and the Collateral Agent is the "Collateral Agent" for each Guaranteed Party under the Credit Agreement and the other Loan Documents, including this Guaranty. All rights granted to Administrative Agent or Collateral Agent under or in connection with this Guaranty are for each Guaranteed Party's ratable benefit. Administrative Agent or Collateral Agent may, without the joinder of any other Guaranteed Party, exercise any rights in Administrative Agent's, Collateral Agent's or Guaranteed Parties' favor under or in connection with this Guaranty. Administrative Agent's or Collateral Agent's and each Guaranteed Party's rights and obligations vis-à-vis each other may be subject to one or more separate agreements between those parties. However, no Guarantor is required to inquire about any such agreement, nor is any Guarantor subject to any terms thereof unless such Guarantor specifically enters into such agreement. Therefore, except to the extent expressly set forth therein, neither any Guarantor nor any Guarantor's successors or assigns is entitled to any benefits or provisions of any such separate agreement to which such Guarantor is not a party, or entitled to rely upon or raise as a defense any party's failure or refusal to comply with the provisions of any such agreement. Accordingly, Administrative Agent or Collateral Agent, on behalf of the Guaranteed Parties, shall have the right to enforce, from time to time, in any order and at Administrative Agent's or Collateral Agent's Permitted Discretion, any rights, powers and remedies which Administrative Agent, Collateral Agent or the Guaranteed Parties may have under, and in accordance with, the Loan Documents or otherwise, including judicial foreclosure, the exercise of rights of power of sale, the taking of a deed or assignment in lieu of foreclosure, the appointment of a receiver to collect rents, issues and profits, the exercise of remedies against personal property, or the enforcement of any assignment of leases, rentals, oil or gas production, or other properties or rights, whether real or personal, tangible or intangible; and each Guarantor shall be liable to the Guaranteed Parties hereunder for any deficiency resulting from the exercise by Administrative Agent or Collateral Agent, on behalf of the Guaranteed Parties, of any such right or remedy even though any rights that such Guarantor may have against either Borrower, any other Obligor or others may be destroyed or diminished by exercise of any such right or remedy. No failure on the part of any Guaranteed Party to exercise, and no delay in exercising, any right hereunder or under any other Loan

Document or Secured Cash Management Agreements shall operate as a waiver thereof; nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any other right. The rights, powers and remedies of each Guaranteed Party provided herein, in the other Loan Documents or Secured Cash Management Agreements are cumulative and are in addition to, and not exclusive of, any other rights, powers or remedies provided by Law or in equity. The rights of the Guaranteed Parties hereunder are not conditional or contingent on any attempt by any Guaranteed Party to exercise any of its rights or exhaust any recourse under any other Loan Document or Secured Cash Management Agreements against any Obligor or any other Person.

Section 7. Limited Subrogation.

(a) Until all of the Loans and other amounts due under the Credit Agreement have been paid and performed in full and all Revolver Commitments terminated, no Guarantor shall have any right to exercise any right of subrogation, reimbursement, indemnity, exoneration, contribution or any other claim which it may now or hereafter have against or to any Obligor or any Security in connection with this Guaranty (including any right of subrogation under any Law, as amended), and each Guarantor hereby waives any rights to enforce any remedy which such Guarantor may have against any Borrower or any other Obligor and any right to participate in any Security until such time. If any amount shall be paid to any Guarantor on account of any such subrogation or other rights, any such other remedy, or any Security at any time when all of the Loans and other amounts due under the Credit Agreement shall not have been paid in full, such amount shall be held in trust by such Guarantor for the benefit of the Guaranteed Parties, shall be segregated from the other funds of such Guarantor and shall forthwith be paid over to Administrative Agent in the same form as so received (with any necessary endorsement or arrangement) to be held by Administrative Agent as Collateral for, or then or at any time thereafter applied in whole or in part by Administrative Agent against, all or any portion of the Loans and other amounts due under the Credit Agreement, whether matured or unmatured, in accordance with the terms of the Loan Documents.

(b) If any Guarantor shall make payment to Administrative Agent of all or any portion of the Guaranteed Obligations and if all of the Loans and other amounts due under the Credit Agreement shall be paid in full and all Revolver Commitments terminated, Administrative Agent will, at such Guarantor's request and expense, execute and deliver to such Guarantor (without recourse, representation or warranty) appropriate documents necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment by such Guarantor; provided that such transfer shall be subject to Section 2(c) above and that without the consent of Administrative Agent (which Administrative Agent may withhold in its discretion) such Guarantor shall not have the right to be subrogated to any claim or right against any Obligor if: (i) such Obligor has become owned by any Guaranteed Party or (ii) the ownership of such Obligor has otherwise changed in the course of enforcement of the Loan Documents, or (iii) Administrative Agent has otherwise released or wishes to release such Obligor from its Guaranteed Obligations.

Section 8. Successors and Assigns. No Guarantor's rights or obligations hereunder may be assigned or delegated except pursuant to a transaction permitted by the Credit Agreement or any other Loan Document, and this Guaranty and such obligations shall pass to and be fully

binding upon the successors of such Guarantor. This Guaranty shall apply to and inure to the benefit of each Guaranteed Party and its successors or permitted assigns. Without limiting the generality of the immediately preceding sentence, each Guaranteed Party may, to the extent and in the manner provided for in the Credit Agreement, assign, grant a participation in, or otherwise transfer any Guaranteed Obligation held by it or any portion thereof, and each Guaranteed Party may, to the extent and in the manner provided for in the Credit Agreement, assign or otherwise transfer its rights or any portion thereof under any Loan Document, to any other Person, and such other Person shall thereupon become entitled to all of the benefits in respect thereof granted to such Guaranteed Party hereunder unless otherwise expressly provided by such Guaranteed Party in connection with such assignment or transfer.

Section 9. Subordination and Offset. Except as not otherwise prohibited by the Credit Agreement, each Guarantor hereby subordinates and makes inferior to the Guaranteed Obligations any and all Indebtedness now or at any time hereafter owed by any Borrower or any other Obligor to such Guarantor. Each Guarantor agrees that upon the occurrence and during the continuation of any Event of Default and upon receipt of notification from the Administrative Agent of its intent to exercise remedies, it will not permit any Borrower or such Obligor to repay such Indebtedness or any part thereof or accept payment from any Borrower or such Obligor of such Indebtedness or any part thereof without the prior written consent of the Required Lenders or except as may be expressly permitted by the Credit Agreement. If any Guarantor receives any such payment without the prior written consent of the Required Lenders, the amount so paid shall be held by such Guarantor in trust for the benefit of the Guaranteed Parties, shall be segregated from the other funds of such Guarantor, and shall forthwith be paid over to Administrative Agent to be held by Administrative Agent as Collateral for, or then or at any time thereafter applied in whole or in part by Administrative Agent against, all or any portions of the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents. Each Guarantor hereby grants to the Guaranteed Parties a right of offset to secure the payment of the Guaranteed Obligations and such Guarantor's obligations and liabilities hereunder, which right of offset shall be upon any and all monies, securities and other property (and the proceeds therefrom) of such Guarantor now or hereafter held or received by or in transit to any Guaranteed Party from or for the account of such Guarantor, whether for safekeeping, custody, pledge, transmission, collection or otherwise, and also upon any and all deposits (general or special), credits and claims of such Guarantor at any time existing against any Guaranteed Party. Upon the occurrence and during the continuation of any Event of Default, the Administrative Agent is hereby authorized at any time and from time to time, without notice to any Guarantor, to offset to the fullest extent permitted by Law, appropriate and apply any and all items hereinabove referred to against the Guaranteed Obligations and such Guarantor's obligations and liabilities hereunder irrespective of whether or not such Guaranteed Party shall have made any demand under this Guaranty and although such obligations and liabilities may be contingent or unmatured. Each Guaranteed Party agrees promptly to notify each Guarantor after any such offset and application made by such Guaranteed Party, provided that the failure to give such notice shall not affect the validity of such offset and application. The rights of the Guaranteed Parties under this section are in addition to, and shall not be limited by, any other rights and remedies (including other rights of offset) which any Guaranteed Party may have.

Section 10. Representations and Warranties. Each Guarantor hereby represents and warrants to each Guaranteed Party that the representations and warranties in the Credit

Agreement and the other Loan Documents insofar as they apply to such Guarantor are true and correct in all material respects (with no duplication of a materiality qualifier).

Section 11. Covenants. Each Guarantor hereby agrees to observe and comply with each of the covenants and agreements made in the Credit Agreement, insofar as they refer to such Guarantor, or the assets, obligations, conditions, agreements, business, or actions of such Guarantor, as one of the Loan Parties, or to the Loan Documents to which such Guarantor is a party.

Section 12. No Oral Change; Amendments; Guaranty Supplements. No amendment of any provision of this Guaranty shall be effective unless it is in writing and signed by each Guarantor and Administrative Agent, and no waiver of any provision of this Guaranty, and no consent to any departure by any Guarantor therefrom, shall be effective unless it is in writing and signed by Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In addition, all such amendments and waivers shall be effective only if given with the necessary approvals of the Lenders as required under the Credit Agreement. Upon the execution and delivery by any Person of a guaranty supplement in substantially the form of Exhibit A hereto (each, a "Guaranty Supplement"), (i) such Person shall be referred to as an "Additional Guarantor" and shall become and be a Guarantor hereunder, and each reference in this Guaranty to a "Guarantor" shall also mean and be a reference to such Additional Guarantor, and each reference in any other Loan Document to a "Guarantor" or a "Loan Party" shall also mean and be a reference to such Additional Guarantor, and (ii) each reference herein to "this Guaranty," "hereunder," "hereof" or words of like import referring to this Guaranty, and each reference in any other Loan Document to the "Guaranty," "thereunder," "thereof" or words of like import referring to this Guaranty, shall mean and be a reference to this Guaranty as supplemented by such Guaranty Supplement.

Section 13. Invalidity of Particular Provisions. If any term or provision of this Guaranty shall be determined to be illegal or unenforceable all other terms and provisions hereof shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

Section 14. Headings and References. The headings used herein are for purposes of convenience only and shall not be used in construing the provisions hereof. The words "this Guaranty," "this instrument," "herein," "hereof," "hereby" and words of similar import refer to this Guaranty as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the subdivisions hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation." Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 15. Term and Release. This Guaranty shall be irrevocable until all of the Loans and other amounts due under the Credit Agreement have been paid and performed in full (other than (i) indemnity obligations that survive the termination of this Guaranty or other Loan Documents for which no notice of claims has been received by the Guarantors and (ii) Letters of Credit that have been Cash Collateralized to the reasonable satisfaction of the Administrative

Agent), all Revolver Commitments and Letters of Credit have been terminated, and no L/C Issuer nor any Lender has any obligation to issue any Letters of Credit or make any loans or other advances to any Borrower or any other Obligor (collectively, the "Termination Conditions"), and this Guaranty is thereafter subject to reinstatement as provided in Section 2(c). All extensions of credit and financial accommodations heretofore or hereafter made by any Guaranteed Party to any Obligor pursuant to the Credit Agreement shall be conclusively presumed to have been made in acceptance hereof and in reliance hereon. Any Guarantor may be released from the Guaranteed Obligations hereunder in accordance with Sections 9.10(ii) and 10.01 (a)(i) of the Credit Agreement.

Section 16. Notices. Any notice or communication required or permitted hereunder shall be given in the manner as provided in the Credit Agreement, addressed (a) to Administrative Agent at the address listed in the Credit Agreement and (b) to each Guarantor at the address specified for such Guarantor on Schedule 10.02 to the Credit Agreement or to such other address or to the attention of such other individual as hereafter shall be designated in writing by the applicable party sent in accordance herewith.

Section 17. Limitation on Interest. The Guaranteed Parties and Guarantors intend to contract in strict compliance with applicable usury Law from time to time in effect, and the provisions of the Credit Agreement limiting the interest for which Guarantors are obligated are expressly incorporated herein by reference.

Section 18. Counterparts; Fax. This Guaranty may be executed in any number of counterparts, each of which when so executed shall be deemed to constitute one and the same Guaranty. This Guaranty may be validly executed and delivered by facsimile or other electronic transmission.

Section 19. **Governing Law; Jurisdiction; Etc**.

(a) Governing Law. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK.

(b) Submission to Jurisdiction. Each Guarantor irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty or in any other Loan Document shall affect any right that any Guaranteed Party may otherwise have to bring any action or proceeding relating to this Guaranty or any other Loan Document against any Guarantor or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each Guarantor irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Guaranty or any other Loan Document in any court referred to in paragraph (b) of this Section. Each Guarantor hereby agrees that Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York shall apply to the Loan Documents and irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each Guarantor consents to process being served in any action or proceeding of the nature referred to in paragraph (b) of this Section by mailing a copy thereof by registered or certified mail to such Guarantor at its address set forth in Section 16. Each Guarantor agrees that such service of process (i) shall be deemed in every respect effective and binding service of process upon such Guarantor in any such action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such Guarantor. Nothing herein shall affect the right of any Guaranteed Party to serve process in any other manner permitted by law or shall limit the right of the Guaranteed Parties to bring proceedings against any Guarantor in the courts of any other jurisdiction.

(e) Waiver of Jury Trial. EACH GUARANTOR HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH GUARANTOR (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 20. **FINAL AGREEMENT. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR OR CONTEMPORANEOUS ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.**

Section 21. Taxes. Section 3.01 of the Credit Agreement shall be applicable, *mutatis* mutandis, to all payments required to be made by any Guarantor under this Guaranty

Section 22. Limitation. Notwithstanding anything herein to the contrary, the guarantee of the Guaranteed Obligations by Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C.

pursuant to this Guaranty shall be ineffective to the extent such guarantee requires a consent not obtained from the CPUC pursuant to any Law.

(*Remainder of Page Intentionally Left Blank; Signature Pages Follow*)

IN WITNESS WHEREOF, each Guarantor has caused this Agreement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

NISKA GAS STORAGE PARTNERS L.P.
By: General Partner: Swan GP LLC
By: Sole Manager: Brookfield Infrastructure Fund GP II LLC

By: _____
Name: Fred Day
Title: Vice President

NISKA US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GS HOLDINGS I, L.P.
By: General Partner: Niska US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE US, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA MIDSTREAM LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE MANAGEMENT LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

IN WITNESS WHEREOF, each Guarantor has caused this Agreement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

NISKA GAS STORAGE PARTNERS L.P.
By: General Partner: Swan GP LLC
By: Sole Manager: Brookfield Infrastructure Fund GP II LLC

By: _____
Name: Fred Day
Title: Vice President

NISKA US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GS HOLDINGS I, L.P.
By: General Partner: [illegible] US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NIS [illegible] GAS STORAGE US, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA MIDSTREAM LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE MANAGEMENT LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

WILD GOOSE STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

STARKS GAS STORAGE L.L.C.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

SALT PLAINS STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

COASTAL _____ GAS STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS TRANSPORT INC.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE US FINANCE CORP.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

LODI GAS STORAGE, L.L.C.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

BIF II CALGAS (DELAWARE) LLC

By: _____
Name: `arren So`ce
Title: Chief Investment Officer

BIF II TRES PALACIOS AGGREGATOR (DELAWARE) LLC

By: _____
Name: Da''en Soice
Title: President

ROYAL BANK OF CANADA, as Administrative Agent

By: _____
Name: Yvonne Brazier
Title: Manager, Agency Services

EXHIBIT A

FORM OF GUARANTY SUPPLEMENT

_____, 20____

Royal Bank of Canada, as Administrative Agent
Royal Bank Plaza, 20 King Street West
4th Floor, South Tower
Toronto, ON M5H 1C4
Telephone: 416 842-3910
Telecopier: 416 842-4023

Re: ABL Credit Agreement dated as of December 22, 2016 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement"), among NISKA GAS STORAGE PARTNERS L.P., a Delaware limited partnership (the "US Borrower"), AECO GAS STORAGE PARTNERSHIP, an Alberta general partnership (the "Canadian Borrower"), SWAN EQUITY SUB-AGGREGATOR LP and SWAN GP LLC, as Parent Affiliates, ROYAL BANK OF CANADA, as Administrative Agent and Collateral Agent, US Swing Line Lender and US L/C Issuer, Canadian Swing Line Lender and Canadian L/C Issuer, and the other Lenders parties thereto.

Ladies and Gentlemen:

Reference is made to the Credit Agreement and to that certain Guaranty (as heretofore amended, supplemented, restated or otherwise modified, the "Original Guaranty"; such Original Guaranty, as in effect on the date hereof and as it may hereafter be amended, supplemented, restated or otherwise modified from time to time, together with this Guaranty Supplement, being the "Guaranty") of even date therewith executed by the US Borrower, the other parties listed on the signature pages thereof and any other Additional Guarantors in favor of each Agent, each Lender, each L/C Issuer and each other Person to which any Obligation (as each such term is defined in the Credit Agreement referred to below) is owed (each a "Guaranteed Party" and collectively, the "Guaranteed Parties"). The capitalized terms defined in the Guaranty or in the Credit Agreement and not otherwise defined herein are used herein as therein defined.

Section 1. Guaranty.

(a) The undersigned (the "Additional Guarantor") hereby absolutely, unconditionally and irrevocably guarantees, jointly with the other Guarantors and severally, as primary obligor and not merely as surety, the full and punctual payment and performance when due and in the currency due, whether at stated maturity or earlier, by reason of acceleration, mandatory prepayment or otherwise in accordance herewith or any other Loan Document, of all of the Guaranteed Obligations, whether now or hereafter existing, and whether due or to become due, including principal, interest (including interest at the contract rate applicable upon default accrued or accruing after the commencement of any proceeding under the Bankruptcy Code or any applicable provisions of comparable state or foreign law, whether or not such interest is an

allowed claim in such proceeding), fees and costs of collection. This Guaranty constitutes a guaranty of payment and performance and not merely of collection.

(b) The Additional Guarantor further agrees that, if (i) any payment made by any Borrower or any other Person and applied to the Guaranteed Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or (ii) the proceeds of Security are required to be returned by any Guaranteed Party to any Borrower, its estate, trustee, receiver or any other Person, including any Guarantor, under any Debtor Relief Law, equitable cause or any other requirement of Law, then, to the extent of such payment or repayment, the Additional Guarantor's liability hereunder (and any Lien or other Security securing such liability) shall be and remain in full force and effect, as fully as if such payment had never been made. If, prior to any of the foregoing, the Guaranty shall have been cancelled or surrendered (and if any Lien or other Security securing the Additional Guarantor's liability hereunder shall have been released or terminated by virtue of such cancellation or surrender), the Guaranty (and such Lien or other Security) shall be reinstated in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of the Additional Guarantor in respect of the amount of such payment (or any Lien or other Security securing such obligation). Any transfer by subrogation which is made as contemplated in Section 7 of the Guaranty prior to any such payment or payments shall (regardless of the terms of such transfer) be automatically voided upon the making of any such payment or payments, and all rights so transferred shall thereupon revert to and be vested in the Guaranteed Parties. If either Borrower or any other Obligor shall for any reason fail to perform promptly any Guaranteed Obligation as and when such Guaranteed Obligation shall become due and, in the case of a payment obligation, payable (whether by stated maturity, acceleration or otherwise), the Additional Guarantor will jointly with the other Guarantors and severally forthwith, upon demand by Administrative Agent, on behalf of the Guaranteed Parties, cause such Guaranteed Obligation to be performed or, if specified by Administrative Agent, provide sufficient funds, in such amount and manner as Administrative Agent shall in good faith determine, for the prompt, full and faithful performance of such Guaranteed Obligation by Administrative Agent or such other Person as Administrative Agent shall designate.

(c) Any term or provision of the Guaranty or any other Loan Document to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations for which the Additional Guarantor shall be liable shall not exceed the maximum amount for which the Additional Guarantor can be liable without rendering the Guaranty or any other Loan Document, as it relates to the Additional Guarantor, subject to avoidance under applicable law relating to fraudulent conveyance or fraudulent transfer (including Section 548 of the Bankruptcy Code or any applicable provisions of any other applicable Debtor Relief Law) (collectively, "Fraudulent Transfer Laws"), in each case after giving effect (i) to all other liabilities of the Additional Guarantor, contingent or otherwise, that are relevant under such Fraudulent Transfer Laws and (ii) to the value of assets of the Additional Guarantor (as determined under the applicable provisions of such Fraudulent Transfer Laws) after giving effect to any rights to subrogation, contribution, reimbursement, indemnity or similar rights held by the Additional Guarantor pursuant to (A) applicable requirements of Law, (B) Section 3 of the Guaranty or (C) any other contractual obligations providing for an equitable allocation among the Additional

Guarantor and other Subsidiaries or Affiliates of any Borrower of obligations arising under the Guaranty or other guaranties of the Guaranteed Obligations by such parties.

Section 2. Obligations Under the Guaranty. Pursuant to Section 12 of the Guaranty, the Additional Guarantor hereby agrees, as of the date first above written, to be bound as a Guarantor by all of the terms and conditions of the Guaranty to the same extent as each of the other Guarantors thereunder. The Additional Guarantor further agrees, as of the date first above written, that each reference in the Guaranty to an "Additional Guarantor," an "Affiliate Guarantor" or a "Guarantor" shall also mean and be a reference to the undersigned, and each reference in any other Loan Document to a "Guarantor" or a "Loan Party" shall also mean and be a reference to the undersigned.

Section 3. Delivery by Telecopier. Delivery of an executed counterpart of a signature page to this Guaranty Supplement by telecopier shall be effective as delivery of an original executed counterpart of this Guaranty Supplement.

Section 4. GOVERNING LAW. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK.

(*Remainder of Page Intentionally Left Blank; Signature Page Follows)*

IN WITNESS WHEREOF, the undersigned has caused this Guaranty Supplement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

Very truly yours,

[NAME OF ADDITIONAL GUARANTOR]

By: _____
Name:
Title:

ABL SECURITY AGREEMENT (U.S.)

THIS SECURITY AGREEMENT (this "Agreement") is made as of December 22, 2016 by NISKA GAS STORAGE PARTNERS L.P., a Delaware limited partnership (the "US Borrower"), each other signatory hereto, and the Additional Grantors (as hereinafter defined) (the US Borrower, such Persons signatory hereto and the Additional Grantors are herein collectively called "Grantors" and each individually a "Grantor"), in favor of Royal Bank of Canada, as collateral agent (in such capacity, "Collateral Agent") for the benefit of the Secured Parties (as defined in the Credit Agreement (as hereinafter defined)).

RECITALS:

WHEREAS, the US Borrower, AECO GAS STORAGE PARTNERSHIP, an Alberta general partnership (the "Canadian Borrower"; and together with the US Borrower, the "Borrowers" and each, individually, a "Borrower"), SWAN EQUITY SUB-AGGREGATOR LP and SWAN GP LLC, as Parent Affiliates, ROYAL BANK OF CANADA, as Administrative Agent and Collateral Agent, and the Lenders parties thereto have entered into an ABL Credit Agreement dated as of even date herewith (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement");

WHEREAS, pursuant to the Credit Agreement, the L/C Issuers and the Lenders have agreed to extend credit to the Borrowers, and the Lenders and Affiliates of the Lenders may from time to time enter into Secured Cash Management Agreements with the Loan Parties;

WHEREAS, the Borrowers are members of an affiliated group of companies that includes each Grantor;

WHEREAS, the proceeds of the extensions of credit to the Borrowers under the Credit Agreement will be used in part to enable Borrowers to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, in order to induce the L/C Issuers and the Lenders to extend such credit pursuant to the Credit Agreement, and to induce the Lenders and Affiliates of the Lenders to enter into such Secured Cash Management Agreements: (a) each Grantor has agreed to grant to Collateral Agent, for the benefit of the Secured Parties, a security interest in the Collateral as defined herein and (b) each Grantor has guaranteed the Obligations of each other Loan Party pursuant to a Guaranty; and

NOW, THEREFORE, in consideration of the premises and in order to induce the L/C Issuers and the Lenders to extend such credit under the Credit Agreement, and to induce the Lenders and Affiliates of the Lenders to enter into such Secured Cash Management Agreements, each Grantor hereby agrees with Collateral Agent, for the benefit of the Secured Parties, as follows:

ARTICLE I.

Definitions and References

Section 1.1. Definitions.

(a) As used herein, the following terms shall have the following meanings:

"Additional Grantor" has the meaning given to such term in Section 5.2.

"Agreement" has the meaning set forth in the introductory paragraph of this Agreement.

"Borrowers" has the meaning set forth in the recitals of this Agreement.

"Canadian Borrower" has the meaning set forth in the recitals of this Agreement.

"Collateral" means all property (other than Excluded Collateral), of whatever type, which is described in Section 2.1 as being at any time subject to a security interest granted hereunder to Collateral Agent for the benefit of the Secured Parties.

"Collateral Agent" has the meaning set forth in the introductory paragraph of this Agreement.

"Contracts" means all contracts and agreements between any Grantor and any other Person (in each case, whether written or oral, or third party or intercompany), as the same may be amended, assigned, extended, restated, supplemented, replaced or otherwise modified from time to time, including (a) all rights of any Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of any Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect thereto, (c) all rights of any Grantor to damages arising thereunder and (d) all rights of any Grantor to terminate and to perform and compel performance of, such contracts and agreements, and to exercise all remedies thereunder.

"Copyright License" means any license or other agreement, whether now or hereafter in existence, under which is granted or authorized any right to use, copy, reproduce, distribute, prepare derivative works, display or publish any records or other materials on which a Copyright is in existence or may come into existence, including the agreements identified in Schedule 1 to Exhibit B.

"Copyright Security Agreement" means a Copyright Security Agreement executed and delivered by any Grantor in favor of Collateral Agent, substantially in the form of Exhibit B or such other agreement in form and substance reasonably satisfactory to the Collateral Agent and such Grantor.

"Copyrights" means all the following: (a) all copyrights under the laws of the United States or any other country (whether or not the underlying works of authorship have been published), all registrations and recordings thereof, all intellectual property rights to works of authorship (whether or not published), and all application for copyrights under the laws of the United States or any other country, including registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 to Exhibit B, (b) all reissues, renewals and extensions thereof, (c) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (d) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

"Credit Agreement" has the meaning set forth in the recitals of this Agreement.

"Excluded Collateral" means (a) any property to the extent that such grant of a security interest is (i) (x) prohibited by any Law without the consent of a Governmental Authority (excluding the CPUC) provided, the applicable Grantor has used commercially reasonable efforts to obtain such consent from such applicable Governmental Authority and (y) such consent has not been obtained from any such Governmental Authority pursuant to any such Law, provided further, upon receipt of the required consent of such Governmental Authority the property described in subsection (a)(i) above shall no longer qualify as Excluded Collateral, (ii) (x) prohibited by any Law without the consent of the CPUC, and (y) such consent has not been obtained from the CPUC pursuant to any such Law, provided further, upon receipt

of the required consent of the CPUC the property described in subsection (a)(ii) above shall no longer qualify as Excluded Collateral, or (iii) prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any Contract (including any joint venture agreement), license, agreement, instrument (including any permitted Liens, leases and licenses) or other document relating, evidencing or giving rise to such property, except, in the case of clauses (i), (ii) or (iii), to the extent that such Law or the term in such Contract, license, agreement, instrument or other document or shareholder or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable Law; (b) any Equipment owned by any Grantor on the date hereof or hereafter acquired by a Grantor that is subject to a Lien securing a purchase money obligation or Capital Lease Obligation permitted to be incurred pursuant to the provisions of the Credit Agreement, only to the extent and for so long as the contract or other agreement in which such Lien is granted (or the documentation providing for such purchase money obligation or Capital Lease Obligation) prohibits the creation of any other Lien on such Equipment; (c) any Excluded Account; (d) any motor vehicles or Equipment subject to a certificate of title statute; (e) any Collateral to the extent the granting of a security interest therein would result in adverse tax consequences as reasonably determined by the Collateral Agent (confirmed by written notice to the US Borrower) and (f) any other property constituting "Excluded Collateral" under the US Pledge Agreement that would otherwise be deemed to be Collateral hereunder.

"Fixed Assets" means any property, plant or equipment (including, for the avoidance of doubt, Cushion Gas).

"Grantors" has the meaning set forth in the introductory paragraph of this Agreement.

"Guarantor" means each Grantor in its capacity as a Guarantor under a Guaranty.

"Intellectual Property" means any and all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks, and Trademark Licenses.

"Other Liable Party" means any Person, other than Grantors, who may now or may at any time hereafter be primarily or secondarily liable for any of the Secured Obligations or who may now or may at any time hereafter have granted to Collateral Agent or any other Secured Party a Lien upon any property as security for the Secured Obligations.

"Patent License" means any license or other agreement, whether now or hereafter in existence, under which is granted or authorized any right with respect to any Patent or any invention now or hereafter in existence, whether patentable or not, whether a patent or application for patent is in existence on such invention or not, and whether a patent or application for patent on such invention may come into existence, including the agreements identified in Schedule 1 to Exhibit A.

"Patent Security Agreement" means the Patent Security Agreement executed and delivered by any Grantor in favor of Collateral Agent, substantially in the form of Exhibit A or such other agreement in form and substance reasonably satisfactory to the Collateral Agent and such Grantor.

"Patents" means all the following: (a) all letters patent and design letters patent of the United States or any other country and all applications for letters patent and design letters patent of the United States or any other country, including applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 to Exhibit A, (b) all reissues, divisions, continuations, continuations-in-part, renewals and extensions thereof, (c) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (d) all income, royalties, damages and

payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

"Pledged ULC Shares" has the meaning set forth in Section 5.15.

"Real Property Interests" means all property of any Grantor to the extent that it is treated as real property under applicable Law.

"Receivables" means (a) all Accounts and all other rights to payment for goods or other personal property which have been (or are to be) sold, leased, or exchanged or for services which have been (or are to be) rendered, regardless of whether such Accounts or other rights to payment have been earned by performance and regardless of whether such Accounts or other rights to payment are evidenced by or characterized as accounts receivable, contract rights, book debts, notes, drafts or other obligations of indebtedness, (b) all Documents, Instruments, Chattel Paper, Letters of Credit and Letter-of-Credit Rights of any kind relating to such Accounts or other rights to payment or otherwise arising out of or in connection with the sale, lease or exchange of goods or other personal property or the rendering of services, (c) all rights in, to, or under all security agreements, leases and other contracts securing or otherwise relating to any such Accounts, rights to payment, Documents, Instruments, Chattel Paper, Letters of Credit or Letter-of-Credit Rights, (d) all rights in, to and under any purchase orders, service contracts, or other contracts out of which such Accounts and other rights to payment arose (or will arise on performance), and (e) all rights in or pertaining to any goods arising out of or in connection with any such purchase orders, service contracts, or other contracts, including rights in returned or repossessed goods and rights of replevin, repossession, and reclamation.

"Security Agreement Supplement" has the meaning set forth in Section 5.2.

"Trademark License" means any license or agreement, whether now or hereafter in existence, under which is granted or authorized any right to use any Trademark, including the agreements identified on Schedule 1 to Exhibit C hereto.

"Trademark Security Agreement" means the Trademark Security Agreement executed and delivered by any Grantor in favor of Collateral Agent, substantially in the form of Exhibit C hereto or such other agreement in form and substance reasonably satisfactory to the Collateral Agent and such Grantor.

"Trademarks" means all of the following: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of the foregoing have appeared or appear, package and other designs, and any other source or business identifiers, and the rights in any of the foregoing which arise under applicable Law, (b) the goodwill of the business symbolized thereby or associated with each of them, (c) all registrations and applications in connection therewith, including registrations and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 to Exhibit C hereto, (d) all reissues, extensions and renewals thereof, (e) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (f) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

"UCC" means the Uniform Commercial Code in effect in the State of New York, as amended from time to time.

"ULC" has the meaning set forth in Section 5.15.

"US Borrower" has the meaning set forth in the introductory paragraph of this Agreement.

Section 1.2. Other Definitions. Reference is hereby made to the Credit Agreement for a statement of the terms thereof. All capitalized terms used in this Agreement which are defined in the Credit Agreement and not otherwise defined herein shall have the same meanings herein as set forth therein. All terms used in this Agreement which are defined in the UCC and not otherwise defined herein or in the Credit Agreement shall have the same meanings herein as set forth therein (and if defined in more than one Article of the UCC, such terms shall have the meanings given in Article 9 thereof), except where the context otherwise requires. The parties intend that the terms used herein which are defined in the UCC have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the UCC shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the UCC in effect on the date hereof, then such term, as used herein, shall be given such broadened meaning

Section 1.3. Attachments. All exhibits or schedules which may be attached to this Agreement are a part hereof for all purposes.

Section 1.4. Other Interpretive Provisions. Unless otherwise specified herein:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used herein, shall be construed to refer this Agreement in its entirety and not to any particular provision thereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

ARTICLE II.

Security Interest

Section 2.1. Grant of Security Interest. Each Grantor hereby pledges, collaterally assigns and grants to Collateral Agent a continuing security interest (except that any Collateral consisting of Pledged ULC Shares shall only be subject to a security interest), for the benefit of the Secured Parties, in and to all of such Grantor's right, title and interest in and to all of the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Secured Obligations, whether now existing or hereafter incurred or arising:

(a) all Accounts;

(b) all As-Extracted Collateral;

(c) all Chattel Paper (including, without limitation, Electronic Chattel Paper);

(d) all Commercial Tort Claims described on Schedule 3.1(h) (as such schedule may be updated from time to time in accordance with Section 3.2(h));

(e) all Commodity Accounts;

(f) all Commodity Contracts;

(g) all Contracts;

(h) all Deposit Accounts;

(i) all Documents;

(j) all Financial Assets;

(k) all Fixtures;

(l) all General Intangibles;

(m) all Goods (including, without limitation, all Equipment and Inventory);

(n) all Instruments;

(o) all Intellectual Property;

(p) all Investment Property;

(q) all Letters of Credit;

(r) all Letter-of-Credit Rights

(s) all Money;

(t) all Payment Intangibles;

(u) all Receivables, to the extent not otherwise described above;

(v) all Securities (including Certificated Securities and Uncertificated Securities);

(w) all Securities Accounts;

(x) all Securities Entitlements;

(y) all Software;

(z) all Supporting Obligations;

(aa) all books and Records pertaining to the other property described in this Section 2.1;

(bb) to the extent not otherwise described in this Section 2.1, all Natural Gas and to the extent not otherwise described in this Section 2.1, all Fixed Assets;

(cc) to the extent not otherwise described in this Section 2.1, all Proceeds, products, accessions, rents and profits of or in respect of any and all of the foregoing and all collateral security and guarantees given by any Person to or in favor of any Grantor with respect to any of the foregoing,

provided, notwithstanding anything to the contrary contained in clauses (a) through (cc) above, (x) the security interest created by this Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Collateral, and (y) the security interest over the Collateral shall be subject to release or subordination in accordance with the provisions of Section 5.10 hereof.

The granting of the foregoing security interest does not make Collateral Agent or any Secured Party a successor to such Grantor as a member or shareholder of any LLC (as defined in the US Pledge Agreement) or ULC or as a partner of any Partnership (as defined in the US Pledge Agreement) or a stockholder or shareholder of any Corporation (as defined in the US Pledge Agreement), and neither Collateral Agent, any Secured Party nor any of their respective successors or assigns hereunder shall be deemed to have become a member or shareholder of any LLC or ULC, have become a partner of any Partnership or have become a stockholder or shareholder of any Corporation by accepting this Agreement or exercising any right granted herein unless and until such time, if any, when Collateral Agent or any such successor or assign expressly becomes a member or shareholder of any LLC or ULC, becomes a partner of any Partnership or becomes a stockholder or shareholder of any Corporation after a foreclosure upon Other Company Rights (as defined in the US Pledge Agreement). Notwithstanding anything herein to the contrary (except to the extent, if any, that Collateral Agent or any of its successors or assigns hereafter expressly becomes a member or shareholder of any LLC or ULC, a partner of any Partnership or a stockholder or shareholder of any Corporation), neither Collateral Agent nor any Secured Party nor any of their respective successors or permitted assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any Company or of any Grantor to any Company or under any Company Agreement (as defined in the US Pledge Agreement), and the definition of "Other Company Rights" in the US Pledge Agreement shall be deemed modified, if necessary, to prevent any such assumption or other liability.

In each case, the foregoing property shall be covered by this Agreement, whether such Grantor's ownership or other rights therein are presently held or hereafter acquired and howsoever such Grantor's interests therein may arise or appear (whether by ownership, security interest, claim or otherwise).

Each Grantor hereby acknowledges that the Secured Obligations are owed to the Secured Parties and that Collateral Agent, as agent for the Secured Parties, is entitled to the benefits of the Liens given under this Agreement; provided, however, only Collateral Agent and its permitted successors, transferees, assigns and co-agents under Sections 4.9 and 5.8 shall be entitled to exercise any remedies relating to the Liens given under this Agreement.

Section 2.2. Grantors Remain Liable. Notwithstanding anything to the contrary contained herein, (i) each Grantor shall remain liable for all obligations under and in respect of the Collateral and nothing contained herein is intended or shall be a delegation of duties to Collateral Agent or any other Secured Party, (ii) each Grantor shall remain liable under each of the agreements included in the Collateral, including any Receivables, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither Collateral Agent nor any other Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related hereto nor shall Collateral Agent nor any other Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including any agreements relating to any Receivables, and (iii) the exercise by Collateral Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, including any agreements relating to any Receivables.

ARTICLE III.

Representations, Warranties and Covenants

Section 3.1. Representations and Warranties. Each Grantor hereby represents and warrants that each of the representations and warranties made in the Credit Agreement is true and correct in all material respects insofar as it refers to such Grantor (with no duplication of a materiality qualifier) and, in addition, each Grantor hereby represents and warrants to Collateral Agent and each other Secured Party as follows:

(a) Security Interest. Such Grantor has and will have at all times full right, power and authority to grant a security interest in the Collateral to Collateral Agent for the benefit of the Secured Parties as provided herein, free and clear of any Lien other than Liens permitted under Section 7.01 of the Credit Agreement. Subject to the ABL Intercreditor Agreement and the Liens permitted by Section 7.01 of the Credit Agreement, this Agreement creates a valid and binding first priority security interest in favor of Collateral Agent for the benefit of the Secured Parties in the Collateral, which security interest secures all of the Secured Obligations. Any and all references made in this Agreement to the ABL Intercreditor Agreement or Liens permitted under Section 7.01 of the Credit Agreement (or to the Liens created hereunder as being subject to the ABL Intercreditor Agreement or any Liens permitted under Section 7.01 of the Credit Agreement, or subject to the rights of any Person party to the ABL Intercreditor Agreement or holding any such Lien) are made for the purpose of limiting certain warranties and covenants made by each Grantor herein and such reference is not intended to affect the description herein of the Collateral.

(b) Perfection. To the extent that the taking of possession can be effective under the UCC to perfect the security interest created hereunder in any Collateral, the taking possession by Collateral Agent of all Instruments, Chattel Paper, Letters of Credit and Money constituting Collateral from time to time will perfect, and subject to the ABL Intercreditor Agreement, establish the first priority of the security interest created hereunder in favor of Collateral Agent for the benefit of the Secured Parties in such Collateral. To the extent that the taking of control can be effective under the UCC to perfect the security interest created hereunder in any Collateral, the Collateral Agent's control (within the meaning of the

UCC) of all Investment Property, Deposit Accounts, Electronic Chattel Paper, and Letter-of-Credit Rights constituting Collateral from time to time will perfect, and subject to the ABL Intercreditor Agreement, establish the first priority of, the security interest created hereunder in such Collateral. To the extent that the filing of a financing statement can be effective under the UCC to perfect the security interest created hereunder in any Collateral, the filing of a financing statement with the secretary of state (or equivalent governmental official) of the state in which such Grantor is organized which sufficiently indicates all such Collateral (other than Real Property Interests) will perfect, and subject to the ABL Intercreditor Agreement and the Liens permitted by Section 7.01 of the Credit Agreement, establish the first priority of the security interest created hereunder in such Collateral. To the extent that the security interest in the Collateral that constitutes Intellectual Property may be perfected by the filing of a Patent Security Agreement and a Trademark Security Agreement with the U.S. Patent and Trademark Office and a Copyright Security Agreement with the U.S. Copyright Office, such security interest will constitute a perfected security interest in such Collateral and subject to the ABL Intercreditor Agreement and the Liens permitted under Section 7.01 of the Credit Agreement, shall rank prior to all other Liens.

(c) Intellectual Property. As of the date hereof, each registration and application for registration for Patents, Copyrights and Trademarks that is part of Intellectual Property included within the Collateral which is material to Grantor's business is listed on Schedule 1 to Exhibit B (in the case of Copyrights and Copyright Licenses), on Schedule 1 to Exhibit A (in the case of Patents and Patent Licenses), and on Schedule 1 to Exhibit C (in the case of Trademarks and Trademark Licenses).

(d) Grantor Name, Etc. (i) Each Grantor's exact legal name, as defined in Section 9-503(a) of the UCC, is correctly set forth in Schedule 3.1(d), (ii) such Grantor is located (within the meaning of Section 9-307 of the UCC) and has its chief executive office in the state, province or jurisdiction set forth in Schedule 3.1(d), and (iii) the information set forth in Schedule 3.1(d) with respect to such Grantor is true and accurate in all respects.

(e) INTENTIONALLY OMITTED.

(f) Investment Property. No Grantor has any Securities with a value in excess of $1,000,000, any Security Certificate with a value in excess of $1,000,000 or any other Investment Property, other than the Securities, Security Certificates and Investment Property set forth on Schedule 3.1(f) hereto and additional investment property as to which such Grantor has complied with Section 3.2(g) hereto.

(g) Approved Accounts, Etc. No Grantor has Deposit Accounts other than (i) the Excluded Accounts, (ii) the Controlled Accounts listed on Schedule 3.1(g) hereto, (iii) the Debt Service Reserve Account, (iv) the Cash Collateral Account and (v) any additional Deposit Accounts as to which such Grantor has complied with the applicable requirements set forth in Section 3.2(f).

(h) Miscellaneous. As of the date hereof, no Grantor owns any interest in any Farm Products or timber to be cut. Schedule 3.1(h) specifically describes each Commercial Tort Claim with an estimated value or claim amount in excess of $5,000,000 as to which any Grantor has any right, title or interest as of the date hereof.

Section 3.2. General Covenants Applicable to Collateral. Unless Collateral Agent shall otherwise consent in writing, each Grantor will at all times comply with the covenants contained in the Credit Agreement that are applicable to such Grantor for so long as any Loans or other amounts due and owing under the Credit Agreement are outstanding (other than Letters of Credit that have been Cash Collateralized) or the Revolver Commitments are outstanding and, in addition, each Grantor hereby

covenants to Collateral Agent and each other Secured Party as follows, in each case subject to the requirements of the ABL Intercreditor Agreement:

(a) Change of Name, Location, or Structure; Additional Filings. Each Grantor recognizes that financing statements pertaining to the Collateral have been or may be filed with the secretary of state (or equivalent governmental official) of the state in which such Grantor is organized. Without limitation of any other covenant herein, no Grantor will cause or permit any change to be made in its name or organizational structure, or any change to be made to its jurisdiction of organization (except, in each case, in a transaction permitted by the Credit Agreement and, upon such change, Schedule 3.1(d) shall be deemed amended automatically, including for purposes of Section 3.1(d)), unless such Grantor shall have (i) notified Collateral Agent of such change no later than five (5) Business Days (or such later date at the Collateral Agent's Permitted Discretion) following the effective date of such change and (ii) taken all action reasonably requested by Collateral Agent (under the following subsection (b) or otherwise) for the purpose of further confirming and protecting Collateral Agent's security interests and rights under this Agreement and the perfection and priority thereof.

(b) Further Assurances. No Grantor will take or fail to take any action which would in any manner materially impair the value or enforceability of Collateral Agent's security interest in any Collateral (subject to the rights of any Person holding a Lien permitted under Section 7.01 of the Credit Agreement). Each Grantor will, at its expense as from time to time reasonably requested by Collateral Agent, promptly execute and deliver all further instruments, agreements, filings and registrations, and take all further action, in order: (i) to correct any errors or omissions in the descriptions herein of the Secured Obligations or the Collateral or in any other provisions hereof; (ii) to perfect and register the security interests and rights created or purported to be created hereby or to maintain in rank the priority of such security interests and rights (other than as expressly permitted by the terms hereof and the Credit Agreement); (iii) to enable Collateral Agent to exercise and enforce its rights and remedies hereunder in respect of the Collateral; or (iv) to otherwise give Collateral Agent the full benefits of the rights and remedies described in or granted under this Agreement. As part of the foregoing each Grantor will, whenever reasonably requested by Collateral Agent, (x) authenticate (as defined in the UCC) and file any financing statements, continuation statements, and other filings or registrations relating to Collateral Agent's security interests and rights hereunder, and any amendments thereto, and (y) mark its books and records relating to any Collateral to reflect that such Collateral is subject to this Agreement and the security interests hereunder. To the extent reasonably requested by Collateral Agent from time to time, each Grantor will use commercially reasonable efforts to obtain from any material account debtor or other obligor on the Collateral the acknowledgment of such account debtor or obligor that such Collateral is subject to this Agreement.

(c) Information. Upon the reasonable request from time to time by Collateral Agent, each Grantor will furnish to Collateral Agent statements and schedules identifying and describing its Collateral and other reports and information reasonably requested in connection with its Collateral, all in reasonable detail and similar in scope to other statements and schedules required under or constituting part of this Agreement.

(d) Ownership, Liens, Possession and Transfers. Each Grantor will maintain good title to all of its Collateral, free and clear of all Liens, except for the security interest created by this Agreement and any Liens permitted under Section 7.01 of the Credit Agreement, and no Grantor will grant or allow any effective non-permitted Liens to exist. Except as permitted under the Credit Agreement, each Grantor will not sell, assign (by operation of Law or otherwise), transfer, exchange, lease or otherwise dispose of any of its Collateral.

(e) Intellectual Property. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, each Grantor will maintain and protect the validity and enforceability of all Intellectual Property owned by such Grantor that constitutes Collateral. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, with respect to each item of Intellectual Property that constitutes Collateral, each Grantor agrees to take, in such Grantor's reasonable business judgment and at its expense, all commercial reasonable steps, including, without limitation, in the U.S. Patent and Trademark Office and the U.S. Copyright Office to pursue the prosecution and maintenance of each patent, trademark or copyright registration or application now pending in the United States, now or hereafter included in such Intellectual Property constituting Collateral. Concurrently with the delivery by the US Borrower of the quarterly financial statements pursuant to Section 6.01(b) of the Credit Agreement, Grantor will give Collateral Agent notice of the filing during the period covered thereby of any application for registration (or any similar request) of any Intellectual Property which is material to any Grantor's business with the U.S. Copyright Office, the U.S. Patent and Trademark Office, or any similar office or agency of the United States or other country, or any political subdivision thereof, and will, upon Collateral Agent's reasonable request, execute, deliver and file any agreements, instruments, registrations and filings which Collateral Agent may reasonably request to confirm Collateral Agent's security interest therein and to put such security interest of record in such office.

(f) Deposit Accounts. Except (i) as otherwise approved in writing by the Administrative Agent, and (ii) Excluded Accounts, each Loan Party shall enter into, and cause each depository, securities intermediary or commodities intermediary to enter into, Control Agreements providing for "springing" cash dominion with respect to each deposit, securities, commodity or similar account maintained by such Person as of and after the Closing Date (herein called a "Controlled Account"); provided, that with respect to each such account on the Closing Date, the Loan Parties shall, within ninety (90) calendar days after the Closing Date (or such longer period of time as may be agreed to by Administrative Agent in its discretion), enter into, and cause each depository, securities intermediary or commodities intermediary to enter into, such Control Agreements. Except (i) as otherwise approved in writing by the Administrative Agent, and (ii) with respect to Excluded Accounts, the Loan Parties shall cause all payments received by them each day to be promptly deposited following receipt, in deposit accounts subject to "springing" Control Agreements and cause all funds in such deposit accounts to be transferred to a concentration account or concentration accounts on terms reasonably acceptable to the Administrative Agent that is subject to a "springing" Control Agreement. With respect to accounts subject to "springing" Control Agreements, unless and until a Cash Dominion Period has occurred and is continuing, the Administrative Agent shall not deliver to the relevant depository, securities intermediary or commodities intermediary a notice or other instruction which provides for exclusive control over such account by Collateral Agent. On the Closing Date, the Borrowers shall deliver to the Administrative Agent a schedule of deposit accounts, securities accounts and commodities accounts of the Loan Parties in form and substance reasonably acceptable to the Administrative Agent, which schedule shall be revised promptly upon any change therein in a manner sufficient to notify the Administrative Agent of such change. The Collateral Agent agrees with each Grantor that the Collateral Agent shall not give any such notice or instructions or withhold any withdrawal rights from such Grantor unless a Cash Dominion Period has occurred and is continuing. Each Grantor hereby agrees, for itself and in respect of each of its deposit, securities, commodity or similar accounts maintained with the Collateral Agent, to be bound by the provisions of Section 6.15 of the Credit Agreement, and that in doing so such Grantor is granting to the Collateral Agent control (as defined in Section 9-104 of the UCC) over such accounts maintained with the Collateral Agent. Each Grantor agrees that it will not open any new deposit, securities, commodity or similar account (other than Excluded Accounts) unless (x) the Collateral Agent has received prompt written notice of such additional account or (y) the Collateral Agent shall have received, in the case of the depository bank that is not the Collateral Agent, a "springing" Control Agreement in form and substance reasonably satisfactory to the Administrative Agent. Upon a Grantor's termination of any such

Controlled Account (other than Excluded Accounts), such Grantor shall promptly give notice of such termination to the Collateral Agent (and, upon such termination or upon the opening of any new account subject to a Control Agreement pursuant to Section 6.15 of the Credit Agreement (other than Excluded Accounts)), Schedule 3.1(g) shall be deemed amended automatically, respectively, to delete such Controlled Account or to add such new Controlled Account, in each case for purposes of Section 3.1(g); provided, however, that, unless the Collateral Agent has given its express consent, no Grantor may terminate any Controlled Account if a Cash Dominion Period has occurred and is continuing.

(g) Investment Property. If any Grantor shall at any time hold or acquire any Security Certificate with a value in excess of $1,000,000, such Grantor shall promptly endorse, assign, and deliver the same to Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as Collateral Agent may from time to time specify. If any Securities with a value in excess of $1,000,000, whether certificated or uncertificated, or other Investment Property now or hereafter acquired by any Grantor, are held by such Grantor or its nominee through a Securities Intermediary or Commodity Intermediary, such Grantor shall promptly notify Collateral Agent thereof, and, at Collateral Agent's reasonable request, pursuant to an agreement in form and substance reasonably satisfactory to Collateral Agent, use commercially reasonable efforts to cause such Securities Intermediary or (as the case may be) Commodity Intermediary to agree to comply with entitlement orders or other instructions from Collateral Agent to such Securities Intermediary as to such Securities or other Investment Property, or (as the case may be) to apply any value distributed on account of any Commodity Contract as directed by Collateral Agent to such Commodity Intermediary, in each case without further consent of such Grantor or such nominee. Collateral Agent agrees with each Grantor that Collateral Agent shall not give any such entitlement orders or instructions or directions to any issuer, Securities Intermediary, or Commodity Intermediary unless an Event of Default has occurred and is continuing. Each Grantor hereby agrees, for itself and its Investment Property that constitutes Controlled Accounts, to be bound by the provisions of Section 6.15 of the Credit Agreement, and that in doing so such Grantor is granting to Collateral Agent control (as defined in Section 9-106 of the UCC) over its Investment Property that constitutes Controlled Accounts.

(h) Commercial Tort Claims. If any Grantor shall at any time hold or acquire a Commercial Tort Claim with an estimated value or claim amount in excess of $5,000,000, such Grantor shall promptly notify Collateral Agent in writing of the details thereof and grant to Collateral Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement and in form and substance reasonably satisfactory to Collateral Agent. Upon receipt of such notice, Collateral Agent is hereby authorized to (i) amend Schedule 3.1(h) to include the details of such Commercial Tort Claim and (ii) file any financing statements and other filings or registrations relating to Collateral Agent's security interests and rights in such Commercial Tort Claim.

(i) Insurance. Each Grantor will carry insurance as provided in Section 6.07 of the Credit Agreement. All insurance policies required by the Credit Agreement shall contain clauses providing that Collateral Agent and the other Secured Parties are additional insureds or loss payees, as the case may be, thereunder and providing that such policies may not be cancelled, reduced or otherwise materially and negatively affected without at least thirty (30) days prior written notice to Collateral Agent. Upon the reasonable request by Collateral Agent, each Grantor shall deliver to Collateral Agent copies or originals of each of the policies and evidence of payment of premiums, originals of certificates evidencing renewals, and such other information regarding such insurance as Collateral Agent may reasonably request. During the continuance of an Event of Default and in connection with the exercise of remedies, Collateral Agent is hereby authorized but not obligated to enforce in its name or in the name of any Grantor payment of any or all of said policies or settle or compromise any claim in respect thereof, and to collect and make receipts for the proceeds thereof and, in and during such events, Collateral Agent is hereby appointed each Grantor's agent and attorney-in-fact to endorse any check or draft payable to such

Grantor in order to collect the proceeds of insurance. In the event of the sale of any Collateral pursuant to Collateral Agent's exercise of any remedies hereunder, or other transfer of title to the Collateral in extinguishment in whole or in part of the Secured Obligations, all right, title and interest of any Grantor in and to such policies then in force concerning the Collateral and all proceeds payable thereunder shall thereupon vest in the purchaser at such sale or other transferee in the event of such other transfer of title.

(j) Instruments, etc. Each Grantor will cause all of its Instruments and Chattel Paper included within the Collateral to have only one original counterpart. Each Grantor will promptly deliver to Collateral Agent all originals of its Instruments and Chattel Paper which are included within the Collateral and which have an individual value in excess of $1,000,000. Upon request by Collateral Agent, each Grantor will mark each of its Tangible Chattel Paper which is included within the Collateral and which has an individual value in excess of $1,000,000 with a legend indicating that such Tangible Chattel Paper is subject to the security interest granted by this Agreement. If any of the Collateral is or shall become Electronic Chattel Paper such Grantor shall ensure that (1) a single authoritative copy exists which is unique, identifiable, unalterable (except as provided in clauses (3), (4) and (5) of this paragraph), (2) such authoritative copy identifies Collateral Agent as the assignee and is communicated to and maintained by Collateral Agent or its designee, (3) copies or revisions that add or change the assignee of the authoritative copy can only be made with the participation of Collateral Agent, (4) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy and not the authoritative copy and (5) any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

(k) INTENTIONALLY OMITTED.

(l) Letters of Credit. With respect to any Letters of Credit that have a stated amount in excess of $5,000,000 and are by their terms transferable, each Grantor will, upon receipt of a written request from Collateral Agent, use commercially reasonable efforts to cause all issuers and nominated persons under Letters of Credit in which a Grantor is the beneficiary or assignee to consent to the assignment of such Letter of Credit to Collateral Agent and, upon receipt of a written notice from Collateral Agent that an Event of Default has occurred and is continuing, it shall cause all payments thereunder to be made to Collateral Agent.

(m) Receivables.

(i) Certain Agreements on Receivables. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, no Grantor will make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence of an Event of Default (and in the absence of an Event of Default), any Grantor may reduce the amount of Accounts, whether from the sale of Inventory or otherwise, in the ordinary course of business.

(ii) Collection of Receivables. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect and except as otherwise provided in this Security Agreement, each Grantor will collect and enforce, in the ordinary course of business, all amounts due or hereafter due to such Grantor under the Receivables.

ARTICLE IV.

Remedies, Powers and Authorizations

Section 4.1. Normal Provisions Concerning the Collateral.

(a) Authorization to file Financing Statements. Each Grantor hereby irrevocably authorizes Collateral Agent at any time and from time to time to file, without the signature of such Grantor, in any jurisdiction any amendments to existing financing statements and any initial financing statements and amendments thereto that (i) indicate the Collateral (1) as "all assets of such debtor" or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, or (2) as being of an equal or lesser scope or with greater detail; (ii) contain any other information required by Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including the address of such Grantor, whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor; and (iii) are necessary to properly effectuate the transactions described in the Loan Documents, as determined by Collateral Agent in its Permitted Discretion. Each Grantor agrees to furnish any such information to Collateral Agent promptly upon its reasonable request. Each Grantor hereby further authorizes Collateral Agent to file one or more continuation statements to such financing statements. Each Grantor further agrees that, where permitted by applicable Law, a carbon, photographic, electronic or other reproduction of this Agreement or any financing statement describing any Collateral is sufficient as a financing statement and may be filed in any jurisdiction by Collateral Agent.

(b) Power of Attorney. Each Grantor hereby irrevocably appoints Collateral Agent as such Grantor's attorney-in-fact and proxy, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, in Collateral Agent's discretion at any time that an Event of Default shall have occurred and is continuing, subject to the terms of the ABL Intercreditor Agreement, to take any action, and to execute or endorse any instrument, certificate or notice, which Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including any action or instrument: (i) to obtain and adjust any insurance required to be maintained by Grantors hereunder or paid to Collateral Agent pursuant hereto; (ii) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral; (iii) to receive, indorse and collect any drafts or other Instruments, Documents or other Collateral; (iv) to enforce any obligations included among the Collateral; and (v) to file any claims or take any action or institute any proceedings which Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce, perfect, or establish the priority of the rights of such Grantor or Collateral Agent with respect to any of the Collateral. Each Grantor hereby acknowledges that such power of attorney and proxy are coupled with an interest, are irrevocable, and are to be used by Collateral Agent for the sole benefit of the Secured Parties.

(c) Performance by Administrative Agent. If any Grantor fails to perform any agreement or obligation contained herein, Collateral Agent may itself perform, or cause the performance of, such agreement or obligation, and the expenses of Collateral Agent incurred in connection therewith shall be payable by such Grantor to the extent required by Section 10.04 of the Credit Agreement; provided, however, that, unless an Event of Default has occurred and is continuing, Collateral Agent shall not perform, or cause the performance of, such agreement or obligation without first making demand therefor to the applicable Grantor and such Grantor failing to promptly comply with such demand.

(d) Bailees. Upon the occurrence and during the continuance of an Event of Default, if any Collateral is at any time in the possession or control of any warehouseman, bailee or any of any Grantor's agents or processors, such Grantor shall, upon the request of Collateral Agent, notify such warehouseman,

bailee, agent or processor of Collateral Agent's rights hereunder and instruct such Person to hold all such Collateral for Collateral Agent's account subject to Collateral Agent's instructions. No such request by Collateral Agent shall be deemed a waiver of any provision hereof which was otherwise violated by such Collateral being held by such Person prior to such instructions by such Grantor.

(e) Collection. Collateral Agent shall have the right at any time, upon the occurrence and during the continuance of an Event of Default, to notify, or to require any Grantor to notify, any and all obligors under any Receivables, General Intangibles, Instruments, Chattel Paper, or other rights to payment included among the Collateral of the assignment thereof to Collateral Agent under this Agreement and to direct such obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to Collateral Agent and, upon such notification and at the expense of such Grantor and to the extent permitted by Law, to enforce collection of any such Receivables, General Intangibles, Instruments, Chattel Paper, or other rights to payment and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor could have done. After any Grantor receives notice that Collateral Agent has given, or after Collateral Agent has required any Grantor to give, any notice referred to above in this subsection, and so long as any Event of Default shall be continuing:

(i) all amounts and proceeds (including instruments and writings) received by such Grantor in respect of such Receivables, General Intangibles, Instruments, Chattel Paper, or other rights to payment shall be received in trust for the benefit of Collateral Agent hereunder, shall be segregated from other funds of such Grantor and shall be forthwith paid over to Collateral Agent in the same form as so received (with any necessary endorsement) to be, at Collateral Agent's discretion, either (A) held as cash collateral and released to such Grantor upon the remedy of all Defaults and Events of Default, or (B) while any Event of Default is continuing and upon the exercise of remedies in accordance with the Credit Agreement, applied as specified in Section 4.3, and

(ii) such Grantor will not adjust, settle or compromise the amount or payment of any such Receivable, General Intangible, Instrument, Chattel Paper, or other right to payment or release wholly or partly any account debtor or obligor thereof or allow any credit or discount thereon.

Section 4.2. Event of Default Remedies. If an Event of Default shall have occurred and be continuing, Collateral Agent may, from time to time in its Permitted Discretion, without limitation and without notice except as expressly provided below, in each case subject to the terms of Section 8.02 of the Credit Agreement:

(a) exercise in respect of the Collateral, in addition to any other rights and remedies provided for herein, under the other Loan Documents or Secured Cash Management Agreements or otherwise available to it at Law, in equity or under any statute or other agreement, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral);

(b) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of Collateral Agent forthwith, assemble all or part of the Collateral as directed by Collateral Agent and make it (together with all books, records and information of such Grantor relating thereto) available to Collateral Agent at a place to be designated by Collateral Agent;

(c) prior to the disposition of any Collateral, (i) to the extent permitted by applicable Law, enter, with or without process of Law and without breach of the peace, any premises where any of the Collateral is or may be located, and without charge or liability to Collateral Agent seize and remove such

Collateral from such premises, (ii) have access to and use the relevant Grantor's books, records, and information relating to the Collateral, and (iii) store or transfer any of the Collateral without charge in or by means of any storage or transportation facility owned or leased by the relevant Grantor, process, repair or recondition any of the Collateral or otherwise prepare it for disposition in any manner and to the extent Collateral Agent deems appropriate and, solely as reasonably necessary for such preparation and disposition, use without charge any copyright, trademark, trade name, patent or technical process used by such Grantor;

(d) reduce its claim to judgment or foreclose or otherwise enforce, in whole or in part, the security interest created hereby by any available judicial procedure;

(e) dispose of, at its office, on the premises of the respective Grantor or elsewhere, all or any part of the Collateral, as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale of any part of the Collateral shall not exhaust Collateral Agent's power of sale, but sales may be made from time to time, and at any time, until all of the Collateral has been sold or until the Secured Obligations have been paid and performed in full), and at any such sale it shall not be necessary to exhibit any of the Collateral;

(f) buy (or allow one or more of the Secured Parties to buy) the Collateral, or any part thereof, at any public sale;

(g) buy (or allow one or more of the Secured Parties to buy) the Collateral, or any part thereof, at any private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations;

(h) apply by appropriate judicial proceedings for appointment of a receiver for the Collateral, or any part thereof;

(i) give notice of sole control or any other instruction under any account control agreement or similar agreement and take any action provided therein with respect to the applicable Collateral; and

(j) concurrently with written notice to the Grantors, transfer and register in its name or in the name of its nominee the whole or any part of the Instruments, Securities or Investment Property constituting Collateral, to exchange certificates or instruments representing or evidencing Instruments, Securities or Investment Property constituting Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Instruments, Securities or Investment Property constituting Collateral as though the Collateral Agent was the outright owner thereof.

Each Grantor agrees that, to the extent notice of sale shall be required by Law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

In addition to the foregoing, if any Event of Default has occurred and is continuing:

(a) Collateral Agent may license, or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any Copyrights, Patents or Trademarks included in the

Collateral throughout the world for such term or terms, on such conditions and in such manner as Collateral Agent shall in its sole discretion determine;

(b) Collateral Agent may (without assuming any obligations or liability thereunder), at any time and from time to time, in its sole discretion, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of Grantor in, to and under any Copyright Licenses, Patent Licenses or Trademark Licenses and take or refrain from taking any action under any thereof; and

(c) upon request by Collateral Agent, each Grantor will execute and deliver to Collateral Agent a power of attorney, in form and substance satisfactory to Collateral Agent, for the implementation of any lease, assignment, license, sublicense, grant of option, sale or other disposition of a Copyright, Patent or Trademark or any action related thereto. In the event of any such disposition pursuant to this Section, each Grantor shall use commercially reasonable efforts to supply its know-how and expertise relating to the manufacture and sale of the products bearing Trademarks or the products or services made or rendered in connection with Patents, and its customer lists and other records relating to such Patents or Trademarks and to the distribution of said products, to Collateral Agent.

Section 4.3. Application of Proceeds. Subject to the terms of the ABL Intercreditor Agreement, if any Event of Default shall have occurred and be continuing, Collateral Agent may in its discretion apply any cash held by Collateral Agent as Collateral, and any cash proceeds received by Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral, as provided in Section 9.11 of the Credit Agreement.

Section 4.4. Deficiency. In the event that the proceeds of any sale, collection or realization of or upon Collateral by Collateral Agent are insufficient to pay all Secured Obligations and any other amounts to which Collateral Agent is legally entitled, all Grantors shall be jointly and severally liable for the deficiency, together with interest thereon as provided in the governing Loan Documents or Secured Cash Management Agreements, or (if no interest is so provided) at such other rate as shall be fixed by applicable Law, together with the costs of collection and the fees of any legal counsel employed by Collateral Agent or any other Secured Party to collect such deficiency.

Section 4.5. Indemnity and Expenses. Each Grantor hereby agrees that it will (a) indemnify Collateral Agent and each other Secured Party from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement to the extent required by Section 10.04(b) of the Credit Agreement and (b) pay to Collateral Agent the amount of any and all costs and expenses required to be paid by Section 10.04(a) of the Credit Agreement.

Section 4.6. Non-Judicial Remedies. In granting to Collateral Agent the power to enforce its rights hereunder without prior judicial process or judicial hearing, each Grantor expressly waives, renounces and knowingly relinquishes any legal right which might otherwise require Collateral Agent to enforce its rights by judicial process. In so providing for non-judicial remedies, each Grantor recognizes and concedes that such remedies are consistent with the usage of trade, are responsive to commercial necessity, and are the result of a bargain at arm's length. Nothing herein is intended, however, to prevent Collateral Agent from resorting to judicial process at its option.

Section 4.7. Other Recourse. Each Grantor waives any right to require Collateral Agent or any other Secured Party to proceed against any other Person, to exhaust any Collateral or other security for the Secured Obligations, to have any other Grantor or any Other Liable Party joined with such Grantor in any suit arising out of the Secured Obligations or this Agreement, or to pursue any other remedy in Collateral Agent's or such Secured Party's power. Each Grantor further waives any and all notice of

acceptance of this Agreement and of the creation, modification, rearrangement, renewal or extension for any period of any of the Secured Obligations of any other Grantor or any Other Liable Party from time to time. Each Grantor further waives any defense arising by reason of any disability or other defense of any other Grantor or any Other Liable Party or by reason of the cessation from any cause whatsoever of the liability of any other Grantor or any Other Liable Party. This Agreement shall continue as to each Grantor irrespective of the fact that the liability of any other Grantor or any Other Liable Party may have ceased and irrespective of the validity or enforceability of any other Loan Document to which any Grantor or any Other Liable Party may be a party, and notwithstanding any death, incapacity, reorganization, or bankruptcy of any Grantor or any Other Liable Party or any other event or proceeding affecting any Grantor or any Other Liable Party. Until all of the Secured Obligations shall have been paid in full, no Grantor shall have any right to subrogation and each Grantor waives the right to enforce any remedy which Collateral Agent or any other Secured Party has or may hereafter have against any other Grantor or any Other Liable Party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by Collateral Agent. Each Grantor authorizes Collateral Agent and each other Secured Party, without notice or demand, without any reservation of rights against such Grantor, and without in any way affecting such Grantor's liability hereunder or on the Secured Obligations from time to time to (a) take or hold any other property of any type from any other Person as security for the Secured Obligations, and exchange, enforce, waive and release any or all of such other property, (b) apply the Collateral or such other property and direct the order or manner of sale thereof as Collateral Agent or such Secured Party may determine in its Permitted Discretion, (c) renew, extend for any period, accelerate, modify, compromise, settle or release any of the obligations of any Grantor or any Other Liable Party in respect of any or all of the Secured Obligations or other security for the Secured Obligations, or (d) substitute any Grantor or any Other Liable Party.

Section 4.8. Limitation on Duty of Collateral Agent in Respect of Collateral. Beyond the exercise of reasonable care in the custody thereof, Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or as to the preservation of rights against prior parties or any other rights pertaining thereto. Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by Collateral Agent in good faith.

Section 4.9. Appointment of Collateral Agents. At any time or times, in order to comply with any legal requirement in any jurisdiction, Collateral Agent may appoint any bank or trust company or one or more other Persons, either to act as co-agent or co-agents, jointly with Collateral Agent, or to act as separate agent or agents on behalf of Collateral Agent and the other Secured Parties, with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment. In so doing Collateral Agent may, in the name and on behalf of any Grantor, give to such co-agent or separate agent indemnities and other protections similar to those provided in Section 4.5. Collateral Agent shall notify Grantors in writing of any such appointment promptly thereafter; provided that, no such notice shall be required if such appointment was made in connection with Collateral Agent's, or any other Secured Party's exercise of any remedies hereunder or if an Event of Default has occurred and is continuing.

ARTICLE V.

Miscellaneous

Section 5.1. Notices. Any notice or communication required or permitted hereunder shall be given (a) in the case of the US Borrower or the Collateral Agent, as provided in the Credit Agreement and (b) in the case of any other Grantor, as provided in such Grantor's Guaranty in favor of Collateral Agent and the other Secured Parties.

Section 5.2. Amendments; Security Agreement Supplements. No amendment of any provision of this Agreement shall be effective unless it is in writing and signed by each Grantor and Collateral Agent, and no waiver of any provision of this Agreement, and no consent to any departure by any Grantor therefrom, shall be effective unless it is in writing and signed by Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given and to the extent specified in such writing. In addition, all such amendments and waivers shall be effective only if given with the necessary approvals of Lenders as required in the Credit Agreement. Upon the execution and delivery by any Person of a security agreement supplement in substantially the form of Exhibit D (each, a "Security Agreement Supplement"): (a) such Person shall be referred to as an "Additional Grantor" and shall become and be a Grantor hereunder, and each reference in this Agreement to a "Grantor" shall also mean and be a reference to such Additional Grantor, and each reference in any other Loan Document to a "Grantor" or a "Loan Party" shall also mean and be a reference to such Additional Grantor; and (b) each reference herein to "this Agreement," "hereunder," "hereof" or words of like import referring to this Agreement, and each reference in any other Loan Document to the "Security Agreement," "thereunder," "thereof" or words of like import referring to this Agreement, shall mean and be a reference to this Agreement as supplemented by such Security Agreement Supplement.

Section 5.3. Preservation of Rights. No failure on the part of Collateral Agent or any other Secured Party to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. Neither the execution nor the delivery of this Agreement shall in any manner impair or affect any other security for the Secured Obligations. The rights and remedies of Collateral Agent provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by Law or otherwise. The rights of Collateral Agent under any Loan Document against any party thereto are not conditional or contingent on any attempt by Collateral Agent to exercise any of its rights or exhaust any recourse under any other Loan Document against such party or against any other Person.

Section 5.4. Unenforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 5.5. Survival of Agreements. All representations and warranties of each Grantor herein, and all covenants and agreements herein shall survive the execution and delivery of this Agreement, the execution and delivery of any other Loan Documents or any Secured Cash Management Agreement and the creation of the Secured Obligations.

Section 5.6. Other Liable Parties. Neither this Agreement nor the exercise by Collateral Agent or any Secured Party or the failure of Collateral Agent or any Secured Party to exercise any right, power or remedy conferred herein or by Law shall be construed as relieving any Grantor or any Other Liable Party from liability on the Secured Obligations or any deficiency thereon.

Section 5.7. Offset. Subject to Section 2.12 of the Credit Agreement and the terms of the ABL Intercreditor Agreement, at any time and form time to time during the continuance of any Event of

Default, each Lender is hereby authorized to foreclose upon, or to offset against the Secured Obligations then due and payable (in either case without notice to any Grantor), any and all items constituting Collateral. The remedies of foreclosure and offset are separate and cumulative, and either may be exercised independently of the other without regard to procedures or restrictions applicable to the other.

Section 5.8. Binding Effect and Assignment. This Agreement creates a continuing security interest in the Collateral and: (a) shall be binding on each Grantor and its successors and permitted assigns; and (b) shall inure, together with all rights and remedies of Collateral Agent hereunder, to the benefit of Collateral Agent and the other Secured Parties and their respective successors, permitted transferees and permitted assigns. Without limiting the generality of the foregoing, Collateral Agent and the other Secured Parties may (except as otherwise provided in the Credit Agreement) pledge, assign or otherwise transfer any or all of their respective rights under any or all of the Loan Documents to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted herein or otherwise. None of the rights or duties of any Grantor hereunder may be assigned or otherwise transferred without the prior written consent of Collateral Agent, except in a transaction otherwise permitted by the Credit Agreement.

Section 5.9. Termination. Subject to the terms of the ABL Intercreditor Agreement, upon the satisfaction in full of the Loans and other amounts due and owing under the Credit Agreement and the termination or expiration of the Credit Agreement and all Revolving Commitments (other than (i) indemnity obligations that survive the termination of this Agreement for which no notice of claims has been received by the Grantors and (ii) Letters of Credit that have been Cash Collateralized to the reasonable satisfaction of the Collateral Agent), the Collateral shall be released from the Liens created hereby, and this Agreement shall terminate (other than those provisions expressly stated to survive such termination) and all rights to the Collateral shall revert to the applicable Grantor, all without delivery of any instrument or performance of any act by any party. Collateral Agent will thereafter, subject to the terms of the ABL Intercreditor Agreement, promptly upon any Grantor's request and at such Grantor's expense, (a) return to such Grantor such of the Collateral in Collateral Agent's possession as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof, and (b) execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

Section 5.10. Releases. If any of the Collateral shall be sold or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement, then Collateral Agent, at the reasonable request and sole expense of such Grantor, shall promptly execute and deliver to such Grantor all releases or other documents reasonably necessary for the release of the Liens created hereby on such Collateral; provided, however, that Grantor shall have delivered to Collateral Agent a written request for release describing the item of Collateral.

Section 5.11. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST CREATED HEREBY HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK**.

Section 5.12. Submission to Jurisdiction; Waiver of Venue; Service of Process.

(a) Each party hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York sitting in New York County, and

any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Grantor or its properties in the courts of any jurisdiction.

(b) Each party hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (a) of this Section. Each party hereto hereby agrees that Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York shall apply to the Loan Documents and irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto consents to process being served in any action or proceeding of the nature referred to in paragraph (a) of this Section by mailing a copy thereof by registered or certified mail to such Grantor at its address set forth in Section 5.1. Each party hereto agrees that such service of process (i) shall be deemed in every respect effective and binding service of process upon such party in any such action or proceeding and (ii) shall, to the fullest extent permitted by Law, be taken and held to be valid personal service upon and personal delivery to such party. Nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by law or shall limit the right of the parties hereto to bring proceedings against any other party hereto in the courts of any other jurisdiction.

Section 5.13. Waiver of Jury Trial. **EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO AND THE SECURED PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.**

Section 5.14. Final Agreement. **THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.**

Section 5.15. Pledged ULC Shares. Each Grantor acknowledges that certain of the Collateral of such Grantor may now or in the future consist of ULC Shares, and that it is the intention of the Collateral Agent and each Grantor that neither the Collateral Agent nor any other Secured Party should under any circumstances prior to realization thereon be held to be a "member" or a "shareholder", as applicable, of a ULC for the purposes of any ULC Laws. Notwithstanding any provisions to the contrary

contained in this Agreement or any other Loan Document, any Grantor who is the holder of shares ("Pledged ULC Shares") of an unlimited liability corporation or an unlimited company organized under the laws of a province of Canada (in either case, a "ULC") is the sole registered and beneficial owner of such Pledged ULC Shares and will remain so until such time as any of such Pledged ULC Shares are fully and effectively transferred into the name of Collateral Agent or any Secured Party or any other person on the books and records of such ULC. Accordingly, each Grantor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, in respect of such Pledged ULC Shares (except for any dividend or distribution comprised of Pledged Securities of such Grantor, which shall be delivered to the Collateral Agent to hold hereunder to the extent otherwise required hereby) and shall have the right to vote such Pledged ULC Shares and to control the direction, management and policies of the applicable ULC to the same extent as such Grantor would if such Pledged ULC Shares were not pledged to the Collateral Agent pursuant hereto. Nothing in this Agreement, the Credit Agreement or any other Loan Document is intended to, and nothing in this Agreement, the Credit Agreement or any other Loan Document shall, constitute the Collateral Agent, any other Secured Party, or any other Person other than the applicable Grantor, a member or shareholder of a ULC for the purposes of any ULC Laws (whether listed or unlisted, registered or beneficial), until such time as notice is given to such Grantor and further steps are taken pursuant hereto or thereto so as to register the Collateral Agent, any other Secured Party, or such other Person, as specified in such notice, as the holder of the Pledged ULC Shares. To the extent any provision hereof would have the effect of constituting the Collateral Agent or any other Secured Party as a member or a shareholder, as applicable, of any ULC prior to such time, such provision shall be severed herefrom and shall be ineffective with respect to Pledged ULC Shares which are Collateral of any Grantor without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral of any Grantor which is not Pledged ULC Shares. Except upon the exercise of rights of the Collateral Agent to sell, transfer or otherwise dispose of Pledged ULC Shares following the occurrence and during the continuance of an Event of Default and in accordance with this Agreement, each Grantor shall not cause or permit, or enable a ULC in which they hold Pledged ULC Shares to cause or permit, the Collateral Agent or any other Secured Party to: (a) be registered as a shareholder or member of such Pledged Issuer; (b) have any notation entered in their favor in the share register of such ULC in which they hold Pledged ULC Shares; (c) be held out as shareholders or members of such ULC in which they hold Pledged ULC Shares; (d) receive, directly or indirectly, any dividends, property or other distributions from such ULC in which they hold Pledged ULC Shares by reason of the Collateral Agent holding the Security Interests over the Pledged ULC Shares; or (e) act as a shareholder of such ULC in which they hold Pledged ULC Shares, or exercise any rights of a shareholder including the right to attend a meeting of shareholders of such ULC in which they hold Pledged ULC Shares or to vote its Pledged ULC Shares.

Section 5.16. Counterparts. This Agreement may be separately executed in any number of counterparts (including by facsimile transmission), all of which when so executed shall be deemed to constitute one and the same Agreement.

Section 5.17. ABL Intercreditor Agreement Governs. Notwithstanding anything herein to the contrary, the Liens and security interests granted to the Collateral Agent, for the benefit of the Secured Parties pursuant to this Agreement, and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties hereunder, in each case, with respect to the Collateral and Liens securing any ABL Obligations or Term Loan Obligations are subject to the provisions of the ABL Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the ABL Intercreditor Agreement and this Agreement with respect to the Collateral and Liens securing any ABL Obligations or Term Loan Obligations, as applicable, including with respect to (i) any obligation to deliver Pledged Securities or provide control with respect to any Collateral and (ii) any representation, warranty or covenant herein relating to the priority of any security interest in the Collateral, the provisions of the ABL

Intercreditor Agreement shall prevail. As used in this Section 5.17, "ABL Obligations" and "Term Loan Obligations" shall have the respective meaning given to such terms in the ABL Intercreditor Agreement.

(*Remainder of Page Intentionally Left Blank; Signature Pages Follow*)

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

NISKA GAS STORAGE PARTNERS L.P.
By: General Partner: Swan GP LLC
By: Sole Manager: Brookfield Infrastructure Fund GP II LLC

By: _____
Name: Fred Day
Title: Vice President

NISKA US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GS HOLDINGS I, L.P.
By: General Partner: Niska US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE US, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA MIDSTREAM LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE MANAGEMENT LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

NISKA GAS STORAGE PARTNERS L.P.
By: General Partner: Swan GP LLC
By: Sole Manager: Brookfield Infrastructure Fund GP II LLC

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Name: Fred Day
Title: Vice President

NISKA US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GS HOLDINGS I, L.P.
By: General Partner: Niska US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE US, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA MIDSTREAM LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE MANAGEMENT LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

WILD GOOSE STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

STARKS GAS STORAGE L.L.C.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

SALT PLAINS STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

COASTAL BEND GAS STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS TRANSPORT INC.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE US FINANCE CORP.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

LODI GAS STORAGE, L.L.C.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

BIF II CALGAS DELAWARE LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

BIF II TRES PALACIOS AGGREGATOR (DELAWARE) LLC

By: _____
Name: Darren Soice
Title: President

ROYAL BANK OF CANADA, as Collateral Agent

By: _____
Name: Yvonne Brazier
Title: Manager, Agency Services

Schedule 3.1(d)
Grantor's Legal Names; Grantor's Location

Name	Location
Niska Gas Storage Partners L.P.	Delaware
Niska US GP LLC	Delaware
Niska GS Holdings I, L.P.	Delaware
Niska Gas Storage US, LLC	Delaware
Niska Midstream LLC	Delaware
Niska Gas Storage LLC	Delaware
Wild Goose Storage, LLC	Delaware
Starks Gas Storage L.L.C.	Delaware
Salt Plains Storage, LLC	Delaware
Coastal Bend Gas Storage, LLC	Delaware
Niska Gas Transport Inc.	Delaware
Niska Gas Storage US Finance Corp.	Delaware
Niska Gas Storage Management LLC	Delaware
BIF II CalGas (Delaware) LLC	Delaware
BIF II Tres Palacios Aggregator (Delaware) LLC	Delaware
Lodi Gas Storage, L.L.C.	Delaware

Schedule 3.1(f)
Investment Property

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Niska US GP LLC	Niska Gas Storage Partners L.P.	sole membership interest	N/A
Niska GS Holdings I, L.P.	Niska Gas Storage Partners L.P.	limited partnership interest - 99.999%	N/A
Niska Gas Storage Management LLC	Niska Gas Storage Partners L.P.	sole membership interest	N/A
Niska GS Holdings I, L.P.	Niska US GP LLC	general partnership interest - 0.001%	N/A
Niska Gas Storage US, LLC	Niska GS Holdings I, L.P.	sole membership interest	N/A
Niska Gas Storage LLC	Niska Gas Storage US, LLC	sole membership interest	N/A
Niska Midstream LLC	Niska Gas Storage US, LLC	sole membership interest	N/A
Niska Gas Storage US Finance Corp.	Nisks Gas Storage LLC	1000 Common Stock Shares	N/A
Salt Plains Storage, LLC	Niska Gas Storage LLC	sole membership interest	N/A
Niska Gas Transport Inc.	Niska Gas Storage LLC	1000 Common Stock Shares	N/A
Starks Gas Storage L.L.C.	Niska Gas Storage LLC	sole membership interest	N/A
Coastal Bend Gas Storage, LLC	Niska Gas Storage LLC	sole membership interest	N/A
Niska Gas Storage Ltd	Niska Gas Storage Partners L.P.	181,328,136 common shares	3 – 119,676,569.76 4 – 59,838,284.88 6 – 1,813,281.36
AECO Gas Storage Partnership	Niska Gas Storage Ltd	partnership interest - 99.999%	N/A
AECO Gas Storage Partnership	Niska Canada GP ULC	partnership interest - 0.001%	N/A
Niska Gas Storage Canada Finance Corp.	Niska Gas Storage Ltd	1,000 Class A Common shares	2AC
Niska Partners Management ULC	AECO Gas Storage Partnership	100 Class "A" Common Shares	2AC

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Access Gas Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares and 1,000 Preferred Shares	A-6 and 2P
Access Gas Services (Ontario) Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	No. 1
EnerStream Agency Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	No. 1
Lodi Gas Storage LLC	BIF II CalGas (Delaware) LLC	partnership interest - 100%	N/A
Wild Goose Storage, LLC	Niska Gas Storage US, LLC	sole membership interest	N/A
Niska Canada GP ULC	Niska Gas Storage Ltd	10,000 common shares	2C
Tres Palacios Holdings LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	membership interest	N/A
BIF II Tres Palacios Storage (Delaware) LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	sole membership interest	N/A

Intercompany Notes

None.

Schedule 3.1(g)
Approved Accounts

Bank	Account Owner	Account Number	Account Type
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

Bank	Account Owner	Account Number	Account Type
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
	[redacted]	[redacted]	
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

Schedule 3.1(h)
Commercial Tort Claims

None.

EXHIBIT A
to
SECURITY AGREEMENT

PATENT SECURITY AGREEMENT

(PATENTS, PATENT APPLICATIONS AND PATENT LICENSES)

WHEREAS, [Name of Grantor] (herein called "Grantor") owns certain "Patents" (as defined below) and is a party to certain "Patent Licenses" (as defined below); and

WHEREAS, Niska Gas Storage Partners L.P., a Delaware limited partnership, AECO Gas Storage Partnership, an Alberta general partnership, Royal Bank of Canada, as Administrative Agent and Collateral Agent (in such capacity, "Collateral Agent" or "Grantee") and the other Lenders parties thereto have entered into an ABL Credit Agreement dated as of December 22, 2016 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement); and

WHEREAS, pursuant to the terms of the ABL Security Agreement (U.S.), dated as of December 22, 2016 among Grantor, certain affiliates of Grantor and Grantee (herein, as from time to time amended, supplemented, or restated, called the "Security Agreement"). Grantor has granted to Grantee for the benefit of the Secured Parties (as defined in the Security Agreement) a continuing security interest in various assets of Grantor, including all right, title and interest of Grantor in, to and under the Patent Collateral (as defined herein) whether now owned or existing or hereafter acquired or arising, to secure Grantor's Secured Obligations (as such term is defined in the Security Agreement);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants to Grantee a continuing security interest, for the benefit of the Secured Parties (as such term is defined in the Security Agreement), in and to all of Grantor's right, title and interest in and to all of the following property (all of the following items or types of property being herein collectively referred to as the "Patent Collateral"), whether now owned or existing or hereafter acquired or arising, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of Grantor's Secured Obligations, whether now existing or hereafter incurred or arising:

(a) each Patent (including each design patent and patent application) in which Grantor has any interest;

(b) each Patent License; and

(c) all proceeds of and revenues from the foregoing, including without limitation all proceeds of and revenues from any claim by Grantor against third parties for past, present or future infringement of any Patent (including without limitation any design patent and any Patent issuing from any application referred to in Schedule 1 hereto) and all rights and benefits of Grantor under any Patent License.

As used herein:

"Patent License" means any license or other agreement, whether now or hereafter in existence, under which is granted or authorized any right with respect to any Patent or any invention now or hereafter in existence, whether patentable or not, whether a patent or application for patent is in existence

on such invention or not, and whether a patent or application for patent on such invention may come into existence, including without limitation the agreements identified in Schedule 1 hereto.

"Patents" means all the following: (a) all letters patent and design letters patent of the United States or any other country and all applications for letters patent and design letters patent of the United States or any other country, including applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including without limitation those described in Schedule 1 hereto, (b) all reissues, divisions, continuations, continuations-in-part, renewals and extensions thereof, (c) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (d) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

Grantor hereby irrevocably constitutes and appoints Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of Grantor or in its name, from time to time, in Grantee's discretion, so long as any "Event of Default" (as such term is defined in the Credit Agreement) has occurred and is continuing, subject to the terms of the ABL Intercreditor Agreement, to take with respect to the Patent Collateral any and all appropriate action which Grantor might take with respect to the Patent Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Patent Security Agreement and to accomplish the purposes hereof.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Patent Security Agreement to be duly executed by its officer thereunto duly authorized as of the ____ day of _____, 20____.

[Name of Grantor]

By: _____
Name:
Title:

Acknowledged:

ROYAL BANK OF CANADA, as Collateral Agent

By: _____
Name:
Title:

Schedule 1

Patents

None.

EXHIBIT B
to
SECURITY AGREEMENT

COPYRIGHT SECURITY AGREEMENT

(COPYRIGHTS, COPYRIGHT REGISTRATIONS, COPYRIGHT APPLICATIONS AND COPYRIGHT LICENSES)

WHEREAS, [Name of Grantor] (herein called "Grantor") owns certain "Copyrights" (as defined below) and is a party to certain "Copyright Licenses" (as defined below); and

WHEREAS, Niska Gas Storage Partners L.P., a Delaware limited partnership, AECO Gas Storage Partnership, an Alberta general partnership, Royal Bank of Canada, as Administrative Agent and Collateral Agent (in such capacity, "Collateral Agent" or "Grantee"), and the other Lenders parties thereto have entered into an ABL Credit Agreement dated as of December 22, 2016 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement); and

WHEREAS, pursuant to the terms of the ABL Security Agreement (U.S.), dated as of December 22, 2016 among Grantor, certain affiliates of Grantor and Grantee (herein, as from time to time amended, supplemented, or restated, called the "Security Agreement"), Grantor has granted to Grantee for the benefit of the Secured Parties (as defined in the Security Agreement) a continuing security interest in various assets of Grantor, including all right, title and interest of Grantor in, to and under the Copyright Collateral (as defined herein) whether now owned or existing or hereafter acquired or arising, to secure Grantor's Secured Obligations (as such term is defined in the Security Agreement);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants to Grantee a continuing security interest, for the benefit of the Secured Parties (as such term is defined in the Security Agreement), in and to all of Grantor's right, title and interest in and to all of the following property (all of the following items or types of property being herein collectively referred to as the "Copyright Collateral"), whether now owned or existing or hereafter acquired or arising, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of Grantor's Secured Obligations, whether now existing or hereafter incurred or arising:

(a) each Copyright in which Grantor has any interest;

(b) each Copyright License; and

(c) all proceeds of and revenues from the foregoing, including without limitation all proceeds of and revenues from any claim by Grantor against third parties for past, present or future infringement of any Copyright, and all rights and benefits of Grantor under any Copyright License.

As used herein:

"Copyright License" means any license or other agreement, whether now or hereafter in existence, under which is granted or authorized any right to use, copy, reproduce, distribute, prepare derivative works, display or publish any records or other materials on which a Copyright is in existence or may come into existence, including without limitation the agreements identified in Schedule 1 hereto.

"Copyrights" means all the following: (a) all copyrights under the laws of the United States or any other country (whether or not the underlying works of authorship have been published), all registrations and recordings thereof, all intellectual property rights to works of authorship (whether or not published), and all application for copyrights under the laws of the United States or any other country, including without limitation registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including without limitation those described in Schedule 1 hereto, (b) all reissues, renewals and extensions thereof, (c) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (d) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including without limitation damages and payments for past or future infringements thereof.

Grantor hereby irrevocably constitutes and appoints Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of Grantor or in its name, from time to time, in Grantee's discretion, so long as any "Event of Default" (as such term is defined in the Credit Agreement) has occurred and is continuing, subject to the terms of the ABL Intercreditor Agreement, to take with respect to the Copyright Collateral any and all appropriate action which Grantor might take with respect to the Copyright Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Copyright Security Agreement and to accomplish the purposes hereof.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Copyright Security Agreement to be duly executed by its officer thereunto duly authorized as of the ____ day of _____, 20_____.

[Name of Grantor]

By: _____
Name:
Title:

Acknowledged:

ROYAL BANK OF CANADA, as Collateral Agent

By: _____
Name:
Title:

Schedule 1

Copyrights

None.

EXHIBIT C
to
SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT

(TRADEMARKS, TRADEMARK REGISTRATIONS, TRADEMARK APPLICATIONS AND TRADEMARK LICENSES)

WHEREAS, [Name of Grantor] (herein called "Grantor") owns certain "Trademarks" (as defined below) and is a party to certain "Trademark Licenses" (as defined below); and

WHEREAS, Niska Gas Storage Partners L.P., a Delaware limited partnership, AECO Gas Storage Partnership, an Alberta general partnership, Royal Bank of Canada, as Administrative Agent and Collateral Agent (in such capacity, "Collateral Agent" or "Grantee"), and the other Lenders parties thereto have entered into an ABL Credit Agreement dated as of December 22, 2016 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement"); and

WHEREAS, pursuant to the terms of the ABL Security Agreement (U.S.), dated as December 22, 2016 among Grantor, certain affiliates of Grantor and Grantee (herein, as from time to time amended, supplemented, or restated, called the "Security Agreement"). Grantor has granted to Grantee for the benefit of the Secured Parties (as defined in the Security Agreement) a continuing security interest in various assets of Grantor, including all right, title and interest of Grantor in, to and under the Trademark Collateral (as defined herein) whether now owned or existing or hereafter acquired or arising, to secure Grantor's Secured Obligations (as such term is defined in the Security Agreement)

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants to Grantee a continuing security interest, for the benefit of the Secured Parties (as such term is defined in the Security Agreement), in and to all of Grantor's right, title and interest in and to all of the following property (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter acquired or arising, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of Grantor's Secured Obligations, whether now existing or hereafter incurred or arising:

(a) each Trademark in which Grantor has any interest, and all of the goodwill of the business connected with the use of, or symbolized by, each such Trademark;

(b) each Trademark License, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark licensed pursuant thereto; and

(c) all proceeds of and revenues from the foregoing, including without limitation all proceeds of and revenues from any claim by Grantor against third parties for past, present or future unfair competition with, or violation of intellectual property rights in connection with or injury to, or infringement or dilution of, any Trademark, and all rights and benefits of Grantor under any Trademark License, or for injury to the goodwill associated with any of the foregoing.

As used herein:

"Trademark License" means any license or agreement, whether now or hereafter in existence, under which is granted or authorized any right to use any Trademark, including without limitation the agreements identified on Schedule 1 hereto.

"Trademarks" means all of the following: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of the foregoing have appeared or appear, package and other designs, and any other source or business identifiers, and the rights in any of the foregoing which arise under applicable Law, (b) the goodwill of the business symbolized thereby or associated with each of them, (c) all registrations and applications in connection therewith, including registrations and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 hereto, (d) all reissues, extensions and renewals thereof, (e) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (f) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

Grantor hereby irrevocably constitutes and appoints Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of Grantor or in its name, from time to time, in Grantee's discretion, so long as any "Event of Default" (as such term is defined in the Credit Agreement) has occurred and is continuing, subject to the terms of the ABL Intercreditor Agreement, to take with respect to the Trademark Collateral any and all appropriate action which Grantor might take with respect to the Trademark Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Trademark Security Agreement and to accomplish the purposes hereof.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Trademark Security Agreement to be duly executed by its officer thereunto duly authorized as of the ____ day of _____, 20_____.

[Name of Grantor]

By: _____
Name:
Title:

Acknowledged:

ROYAL BANK OF CANADA, as Collateral Agent

By: _____
Name:
Title:

Schedule 1

Trademarks

Trademark: SALT PLAINS / Owner: Salt Plains Storage LLC / Expiry October 29, 2022 / Section 8 of Trademark Act, 15 U.S.C. 1058 and Section 9 of the Trademark Act, 15 U.S.C. § 1059

Trademark: WILD GOOSE STORAGE INC. & DESIGN / Owner: Wild Goose Storage, LLC / Expiry: December 29, 2027 / Registration Number: TMA487,492

EXHIBIT D
to
SECURITY AGREEMENT

FORM OF SECURITY AGREEMENT SUPPLEMENT

_____, 20_____

Royal Bank of Canada, as Collateral Agent
Royal Bank Plaza, 20 King Street West
4th Floor, South Tower
Toronto, ON M5H 1C4
Telephone: 416 842-3910
Telecopier: 416 842-4023

Re: ABL Credit Agreement dated as of December 22, 2016 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement"), among NISKA GAS STORAGE PARTNERS L.P., a Delaware limited partnership ("US Borrower"), AECO GAS STORAGE PARTNERSHIP, an Alberta general partnership ("Canadian Borrower"), SWAN EQUITY SUB-AGGREGATOR LP and SWAN GP LLC, as Parent Affiliates, ROYAL BANK OF CANADA, as Administrative Agent and Collateral Agent (in such capacity, "Collateral Agent"), and the other Lenders parties thereto.

Ladies and Gentlemen:

Reference is made to the Credit Agreement referred to above and to the ABL Security Agreement (U.S.) dated as of December 22, 2016 executed by US Borrower and the other Grantors from time to time party thereto in favor of Collateral Agent, for the benefit of the Secured Parties (as heretofore amended, supplemented, restated or otherwise modified from time to time, the "Original Security Agreement"; such Original Security Agreement, as in effect on the date hereof and as it may hereafter be amended, supplemented, restated or otherwise modified from time to time, together with this Security Agreement Supplement, being the "Security Agreement"). The capitalized terms defined in the Security Agreement and not otherwise defined herein are used herein as therein defined.

Section 1. Grant of Security Interest. The undersigned (herein called the "Additional Grantor") hereby pledges, collaterally assigns and grants to Collateral Agent a continuing security interest (except that any Collateral consisting of Pledged ULC Shares shall only be subject to a security interest), for the benefit of the Secured Parties, in and to all of such Additional Grantor's right, title and interest in and to all of the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Additional Grantor's Secured Obligations, whether now existing or hereafter incurred or arising:

(a) all Accounts;

(b) all As-Extracted Collateral;

(c) all Chattel Paper (including, without limitation, Electronic Chattel Paper);

(d) all Commercial Tort Claims described on Schedule [•] of Annex A attached hereto (as such schedule may be updated from time to time in accordance with Section 3.2(h) of the Security Agreement);

(e) all Commodity Accounts;

(f) all Commodity Contracts;

(g) all Contracts;

(h) all Deposit Accounts;

(i) all Documents;

(j) all Financial Assets;

(k) all Fixtures;

(l) all General Intangibles;

(m) all Goods (including, without limitation, all Equipment and Inventory);

(n) all Instruments;

(o) all Intellectual Property;

(p) all Investment Property;

(q) all Letters of Credit;

(r) all Letter-of-Credit Rights

(s) all Money;

(t) all Payment Intangibles;

(u) all Receivables, to the extent not otherwise described above;

(v) all Securities (including Certificated Securities and Uncertificated Securities);

(w) all Securities Accounts;

(x) all Securities Entitlements;

(y) all Software;

(z) all Supporting Obligations;

(aa) all books and Records pertaining to the other property described in this Section 1;

(bb) to the extent not otherwise described in this Section 1, all Natural Gas and, to the extent not otherwise describe in this Section 1, all Fixed Assets;

(cc) to the extent not otherwise described in this Section 1, all Proceeds, products, accessions, rents and profits of or in respect of any and all of the foregoing and all collateral security and guarantees given by any Person to or in favor of any Grantor with respect to any of the foregoing,

provided, notwithstanding anything to the contrary contained in clauses (a) through (cc) above, (x) the security interest created by this Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Collateral, and (y) the security interest over the Collateral shall be subject to release or subordination in accordance with the provisions of Section 5.10 of the Security Agreement.

The granting of the foregoing security interest in respect of Pledged ULC Shares does not make Collateral Agent or any Secured Party a successor to such Grantor as a member or shareholder of any ULC, and neither Collateral Agent, any Secured Party nor any of their respective successors or assigns hereunder shall be deemed to have become a member or shareholder of any ULC by accepting this Agreement or exercising any right granted herein unless and until such time, if any, when Collateral Agent or any such successor or assign expressly becomes a registered member or shareholder of any ULC after a foreclosure upon any such Pledged ULC Shares. Notwithstanding anything herein to the contrary (except to the extent, if any, that Collateral Agent or any of its successors or assigns hereafter expressly becomes a registered member or shareholder of any ULC), neither Collateral Agent nor any Secured Party nor any of their respective successors or assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any ULC or of any Grantor to any ULC or under any Organization Documents with respect to any ULC.

In each case, the foregoing property shall be covered by this Agreement, whether such Additional Grantor's ownership or other rights therein are presently held or hereafter acquired and howsoever Additional Grantor's interests therein may arise or appear (whether by ownership, security interest, claim or otherwise).

Additional Grantor hereby acknowledges that the Secured Obligations are owed to the Secured Parties and that Collateral Agent, as agent for the Secured Parties, is entitled to the benefits of the Liens given under the Security Agreement.

Section 2. Obligations Under the Security Agreement. Additional Grantor hereby agrees, as provided in Section 5.2 of the Security Agreement, as of the date first above written, to be bound as a Grantor by all of the terms and conditions of the Security Agreement to the same extent as each of the other Grantors thereunder. The undersigned further agrees, as of the date first above written, that each reference in the Security Agreement to an "Additional Grantor" or a "Grantor" shall also mean and be a reference to the undersigned, and each reference in any other Loan Document to a "Grantor" or a "Loan Party" shall also mean and be a reference to the undersigned. The information set forth in Annex A hereto is hereby added to the information set forth in Schedules _____[1] to the Security Agreement.

Section 3. Representations, Warranties and Covenants. The undersigned hereby (a) represents and warrants that each representation and warranty set forth in Section 3.1 of the Security Agreement (assuming that all references in such Section 3.1 to a specific date refer to the date hereof) is true and correct in all material respects insofar as it refers to the undersigned (with no duplication of a materiality qualifier) and (b) undertakes each covenant obligation set forth in Section 3.2 of the Security Agreement, in each case to the same extent as each other Grantor.

[1] Refer to each Schedule which needs to be supplemented.

Section 4. ABL Intercreditor Agreement Governs. Notwithstanding anything herein to the contrary, the Liens and security interests granted to the Collateral Agent, for the benefit of the Secured Parties pursuant to this Agreement, and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties hereunder, in each case, with respect to the Collateral and Liens securing any ABL Obligations or Term Loan Obligations are subject to the provisions of the ABL Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the ABL Intercreditor Agreement and this Agreement with respect to the Collateral and Liens securing any ABL Obligations or Term Loan Obligations, as applicable, including with respect to (i) any obligation to deliver Pledged Securities or provide control with respect to any Collateral and (ii) any representation, warranty or covenant herein relating to the priority of any security interest in the Collateral, the provisions of the ABL Intercreditor Agreement shall prevail. As used in this Section 4, "ABL Obligations" and "Term Loan Obligations" shall have the respective meaning given to such terms in the ABL Intercreditor Agreement.

Section 5. **GOVERNING LAW. THIS SECURITY AGREEMENT SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST CREATED HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE**.

(*Remainder of Page Intentionally Left Blank; Signature Page Follows*)

IN WITNESS WHEREOF, the undersigned has caused this Security Agreement Supplement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

Very truly yours,

[NAME OF ADDITIONAL DEBTOR]

By: _____
Name:
Title:

ABL TRADEMARK SECURITY AGREEMENT

(TRADEMARKS, TRADEMARK REGISTRATIONS, TRADEMARK APPLICATIONS AND TRADEMARK LICENSES)

WHEREAS, Salt Plains Storage LLC and Wild Goose Storage, LLC (herein called the "Grantors" and, each individually, a "Grantor") own certain "Trademarks" (as defined below) and are party to certain "Trademark Licenses" (as defined below); and

WHEREAS, Niska Gas Storage Partners L.P., a Delaware limited partnership, AECO Gas Storage Partnership, an Alberta general partnership, Royal Bank of Canada, as Administrative Agent and Collateral Agent (in such capacity, "Collateral Agent" or "Grantee"), and the other Lenders parties thereto have entered into an ABL Credit Agreement dated as of December 22, 2016 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement"); and

WHEREAS, pursuant to the terms of the ABL Security Agreement (U.S.), dated as December 22, 2016 among Grantor, certain affiliates of Grantor and Grantee (herein, as from time to time amended, supplemented, or restated, called the "Security Agreement"). Grantor has granted to Grantee for the benefit of the Secured Parties (as defined in the Security Agreement) a continuing security interest in various assets of Grantor, including all right, title and interest of Grantor in, to and under the Trademark Collateral (as defined herein) whether now owned or existing or hereafter acquired or arising, to secure Grantor's Secured Obligations (as such term is defined in the Security Agreement)

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants to Grantee a continuing security interest, for the benefit of the Secured Parties (as such term is defined in the Security Agreement), in and to all of Grantor's right, title and interest in and to all of the following property (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter acquired or arising, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of Grantor's Secured Obligations, whether now existing or hereafter incurred or arising:

(a) each Trademark in which Grantor has any interest, and all of the goodwill of the business connected with the use of, or symbolized by, each such Trademark;

(b) each Trademark License, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark licensed pursuant thereto; and

(c) all proceeds of and revenues from the foregoing, including without limitation all proceeds of and revenues from any claim by Grantor against third parties for past, present or future unfair competition with, or violation of intellectual property rights in connection with or injury to, or infringement or dilution of, any Trademark, and all rights and benefits of Grantor under any Trademark License, or for injury to the goodwill associated with any of the foregoing.

As used herein:

"Trademark License" means any license or agreement, whether now or hereafter in existence, under which is granted or authorized any right to use any Trademark, including without limitation the agreements identified on Schedule 1 hereto.

"Trademarks" means all of the following: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of the foregoing have appeared or appear, package and other designs, and any other source or business identifiers, and the rights in any of the foregoing which arise under applicable Law, (b) the goodwill of the business symbolized thereby or associated with each of them, (c) all registrations and applications in connection therewith, including registrations and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 hereto, (d) all reissues, extensions and renewals thereof, (e) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (f) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

Grantor hereby irrevocably constitutes and appoints Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of Grantor or in its name, from time to time, in Grantee's discretion, so long as any "Event of Default" (as such term is defined in the Credit Agreement) has occurred and is continuing, subject to the terms of the ABL Intercreditor Agreement, to take with respect to the Trademark Collateral any and all appropriate action which Grantor might take with respect to the Trademark Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Trademark Security Agreement and to accomplish the purposes hereof.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

SALT PLAINS STORAGE LLC, as a grantor

By: _____
Name: Darren Soice
Title: Chief Investment Officer

WILD GOOSE STORAGE, LLC, as a grantor

By: _____
Name: Darren Soice
Title: Chief Investment Officer

ROYAL BANK OF CANADA, as Collateral Agent

By: _____

Name: Yvonne Brazier

Title: Manager, Agency Services

Schedule 1

Trademarks

Trademark: SALT PLAINS / Owner: Salt Plains Storage LLC / Expiry October 29, 2022 / Section 8 of Trademark Act, 15 U.S.C. 1058 and Section 9 of the Trademark Act, 15 U.S.C. ξ 1059

Trademark: WILD GOOSE STORAGE INC. & DESIGN / Owner: Wild Goose Storage, LLC / Expiry: December 29, 2027 / Registration Number: TMA487,492

ABL PLEDGE AGREEMENT (U.S.)

THIS PLEDGE AGREEMENT (this "Agreement") is made as of December 22, 2016, by NISKA GAS STORAGE PARTNERS L.P., a Delaware limited partnership (the "US Borrower"), the other parties listed on the signature pages hereof and the Additional Grantors (as hereinafter defined) (the US Borrower, the other parties listed on the signature pages hereof and the Additional Grantors are herein collectively called "Grantors" and each individually, a "Grantor"), in favor of Royal Bank of Canada, as collateral agent (in such capacity, "Collateral Agent") for the benefit of the Secured Parties (as defined in the Credit Agreement (as hereinafter defined)).

RECITALS:

WHEREAS, the US Borrower, AECO GAS STORAGE PARTNERSHIP, an Alberta general partnership (the "Canadian Borrower"; and together with the US Borrower, the "Borrowers" and each, individually, a "Borrower"), SWAN EQUITY SUB-AGGREGATOR LP and SWAN GP LLC, as Parent Affiliates, Royal Bank of Canada, as Administrative Agent and Collateral Agent, and the Lenders parties thereto have entered into an ABL Credit Agreement dated as of even date herewith (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement");

WHEREAS, pursuant to the Credit Agreement, Lenders and the L/C Issuers have agreed to extend credit to the Borrowers and the Lenders and Affiliates of the Lenders may from time to time enter into Secured Cash Management Agreements with the Loan Parties;

WHEREAS, the Borrowers are members of an affiliated group of companies that includes each Grantor;

WHEREAS, the proceeds of the extensions of credit to the Borrowers under the Credit Agreement will be used in part to enable the Borrowers to make valuable transfers to one or more of the other Grantors in connection with the operation of their respective businesses;

WHEREAS, in order to induce the Lenders and the L/C Issuers to extend such credit pursuant to the Credit Agreement, and to induce the Lenders and Affiliates of the Lenders to enter into such Secured Cash Management Agreements: (a) each Grantor has agreed to grant to Collateral Agent, for the benefit of the Secured Parties, a security interest in the Collateral as defined herein and (b) each Grantor has guaranteed the Obligations of each other Loan Party pursuant to a Guaranty; and

NOW, THEREFORE, in consideration of the premises and in order to induce the Lenders and the L/C Issuers to extend such credit under the Credit Agreement, and to induce the Lenders and Affiliates of the Lenders to enter into such Secured Cash Management Agreements, each Grantor hereby agrees with Collateral Agent, for the benefit of the Secured Parties, as follows:

ARTICLE I

Definitions and References

Section 1.1. General Definitions. As used herein, the following terms shall have the following meanings:

"Additional Grantor" has the meaning given to such term in Section 5.2.

"Agreement" has the meaning set forth in the introductory paragraph of this Agreement.

"Borrowers" has the meaning set forth in the recitals of this Agreement.

"Canadian Borrower" has the meaning set forth in the recitals of this Agreement.

"Collateral" has the meaning given to such term in Section 2.1.

"Collateral Agent" has the meaning set forth in the introductory paragraph of this Agreement.

"Company" means a LLC, ULC, Partnership or Corporation in respect of which Company Rights are granted by a Grantor to Collateral Agent pursuant to this Agreement.

"Company Agreements" and "Company Rights to Payments" have the respective meanings given them in Section 2.1(a)(iv).

"Company Rights" has the meaning given it Section 2.1(a).

"Corporation" means any corporation which is included within the term "Corporation" pursuant to Section 2.1(a)(iii), and any successor of any such corporation which is also a corporation.

"Credit Agreement" has the meaning set forth in the recitals of this Agreement.

"Excluded Collateral" means (a) any Company Rights representing in excess of 66% of the Company Rights of any CFC and (b) any other property constituting "Excluded Collateral" under the US Security Agreement that would otherwise be deemed to be Collateral hereunder.

"Grantors" has the meaning set forth in the introductory paragraph of this Agreement.

"Guarantor" means each Grantor in its capacity as a guarantor under a Guaranty.

"LLC" means any limited liability company which is included within the term "LLC" pursuant to Section 2.1(a)(i), and any successor of any such limited liability company which is also a limited liability company.

"Other Company Rights" has the meaning given it in Section 2.1(a)(v).

"Other Liable Party" means any Person, other than Grantors, who may now or may at any time hereafter be primarily or secondarily liable for any of the Secured Obligations (as defined in the Credit Agreement) or who may now or may at any time hereafter have granted to Collateral Agent or any other Secured Party a Lien upon any property as security for the Secured Obligations.

"Partnership" means any general or limited partnership which is included within the term "Partnerships" pursuant to Section 2.1 (a)(ii), and any successor of any such partnership which is also a partnership.

"Pledge Agreement Supplement" has the meaning given it in Section 5.2.

"Pledged Shares" has the meaning given it in Section 2.1(a)(iii).

"Pledged ULC Shares" means the Pledged Shares which are shares of stock of a ULC.

"UCC" means the Uniform Commercial Code as in effect in the State of New York, as amended from time to time.

"ULC" means any unlimited company or unlimited liability corporation (sometimes referred to as an "unlimited liability company") which is included within the term "ULC" pursuant to Section 2.1(a)(iii), and any successor to any such unlimited company or unlimited liability corporation which is also an unlimited company or unlimited liability corporation, as the case may be.

"US Borrower" has the meaning set forth in the introductory paragraph of this Agreement.

Section 1.2. Incorporation of Other Definitions. Reference is hereby made to the Credit Agreement for a statement of the terms thereof. All capitalized terms used in this Agreement which are defined in the Credit Agreement and not otherwise defined herein shall have the same meanings herein as set forth therein. All terms used in this Agreement which are defined in the UCC and not otherwise defined herein or in the Credit Agreement shall have the same meanings herein as set forth therein (and if defined in more than one Article of the UCC, such terms shall have the meanings given in Article 9 thereof), except where the context otherwise requires. The parties intend that the terms used herein which are defined in the UCC have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the UCC shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the UCC in effect on the date hereof, then such term, as used herein, shall be given such broadened meaning.

Section 1.3. Attachments. All exhibits or schedules which may be attached to this Agreement are a part hereof for all purposes.

Section 1.4. Other Interpretive Provisions. Unless otherwise specified herein:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on

such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used herein, shall be construed to refer this Agreement in its entirety and not to any particular provision thereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

ARTICLE II

Security Interest

Section 2.1. Grant of Security Interest. Each Grantor hereby pledges, collaterally assigns and grants to Collateral Agent a continuing security interest, for the benefit of the Secured Parties, in and to all of such Grantor's right, title and interest in and to all of the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Secured Obligations, whether now existing or hereafter incurred or arising (collectively, the "Collateral"):

(a) Company Rights. All of the following (herein collectively called the "Company Rights"), whether now or hereafter existing, which are owned by such Grantor or in which such Grantor otherwise has any rights:

(i) all interests in any limited liability company and all proceeds, interest, profits, and other payments or rights to payment attributable to Grantor's interests in any limited liability company (whether one or more, herein called the "LLCs"), including without limitation those described in Exhibit A hereto;

(ii) all interests in general or limited partnerships (including general partnership interests and limited partnership interests) and all proceeds, interest, profits, and other payments or rights to payment attributable to Grantor's interests in any limited or general partnership (whether one or more, herein called the "Partnerships"), including without limitation those described in Exhibit A hereto;

(iii) all shares of stock and other equity of corporations or any unlimited company or unlimited liability corporation (sometimes referred to as an "unlimited liability company") (including common shares or preferred shares) and all proceeds, interest, profits, and other payments or rights to payment attributable to Grantor's interests in any corporation or unlimited company or unlimited liability corporation (whether one or more, herein called the "Corporations" or the "ULCs", respectively), including without limitation those described in Exhibit A hereto, all certificates representing any such shares, all options and other rights, contractual or otherwise, at any time existing with respect to such shares, and all dividends, cash, instruments and other property now or hereafter received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares (any and all such shares, certificates, options, rights, dividends, cash, instruments and other property being herein called the "Pledged Shares");

(iv) all distributions, dividends, cash, instruments and other property now or hereafter received, receivable or otherwise made with respect to or in exchange for any interest of Grantor in any Company, including any proceeds, interest, profits, right to payment, interim distributions, returns of capital, loan repayments, and payments made in liquidation of any Company, and whether or not the same arise or are payable under any Organization Document, any agreement or certificate forming any Company or any other agreement governing any Company or the relations among the members, partners, shareholders, stockholders or other equity holders of any Company (any and all such proceeds, interest, profits, payments, right to payment, distributions, dividends, cash, instruments, other property, interim distributions, returns of capital, loan repayments, and payments made in liquidation being herein called the "Company Rights to Payments", and any and all such Organization Documents, agreements, certificates, and other agreements being herein called the "Company Agreements"); and

(v) all other interests and rights of Grantor in any Company, whether under the Company Agreements or otherwise, including without limitation any right to cause the dissolution of any Company or to appoint or nominate a successor to Grantor as a member, partner, shareholder, stockholder or other equity holder in any Company (all such other interests and rights being herein called the "Other Company Rights").

(b) All proceeds of any and all of the foregoing Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Collateral Agent is the loss payee thereof) or under any indemnity, warranty or guaranty by reason of loss to or otherwise with respect to any of the foregoing Collateral;

provided, notwithstanding anything to the contrary contained in clauses (a) and (b) above, the security interest created by this Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Collateral.

In each case, the foregoing property shall be covered by this Agreement, whether such Grantor's ownership or other rights therein are presently held or hereafter acquired and howsoever such Grantor's interests therein may arise or appear (whether by ownership, security interest, claim or otherwise).

The granting of the foregoing security interest does not make Collateral Agent or any Secured Party a successor to such Grantor as a member or shareholder of any LLC or ULC or as a partner of any Partnership or a stockholder or shareholder of any Corporation, and neither Collateral Agent, any Secured Party nor any of their respective successors or assigns hereunder shall be deemed to have become a member or shareholder of any LLC or ULC, have become a partner of any Partnership or have become a stockholder or shareholder of any Corporation by accepting this Agreement or exercising any right granted herein unless and until such time, if any, when Collateral Agent or any such successor or assign expressly becomes a member or shareholder of any LLC or ULC, becomes a partner of any Partnership or becomes a stockholder or shareholder of any Corporation after a foreclosure upon Other Company Rights. Notwithstanding anything herein to the contrary (except to the extent, if any, that Collateral Agent or any of its successors or assigns hereafter expressly becomes a member or shareholder of any LLC or ULC, a partner of any Partnership or a stockholder or shareholder of any Corporation), neither Collateral Agent nor any Secured Party nor any of their respective successors or permitted assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any Company or of any Grantor to any Company or under any Company Agreement, and the above definition of "Other Company Rights" shall be deemed modified, if necessary, to prevent any such assumption or other liability.

Each Grantor hereby acknowledges that the Secured Obligations are owed to the various Secured Parties and that each Secured Party is entitled to the benefits of the Liens given under this Agreement, provided, however, only Collateral Agent and its permitted successors, transferees, assigns and co-agents under Sections 4.12 and 5.7 shall be entitled to exercise any remedies relating to the Liens given under this Agreement.

ARTICLE III

Representations, Warranties and Covenants

Section 3.1. Representations and Warranties. Each Grantor hereby represents and warrants that each of the representations and warranties made in the Credit Agreement is true and correct in all material respects insofar as it refers to such Grantor and, in addition, each Grantor hereby represents and warrants to Collateral Agent and each other Secured Party as follows:

(a) INTENTIONALLY OMITTED.

(b) Security Interest. Such Grantor has and will have at all times full right, power and authority to grant a security interest in its Collateral to Collateral Agent for the benefit of the Secured Parties as provided herein, free and clear of any Lien, other than Liens permitted under Section 7.01 of the Credit Agreement. This Agreement creates a valid and binding first priority security interest, subject to the ABL Intercreditor Agreement and any Lien permitted under Section 7.01 of the Credit Agreement, in favor of Collateral Agent, for the benefit of the Secured Parties, in each Grantor's Collateral, which security interest secures all of its Secured Obligations.

(c) Perfection. To the extent that the taking of possession can be effective under the UCC to perfect the security interest created hereunder in any Collateral, the taking possession by Collateral Agent of all certificates, instruments and cash constituting Collateral from time to time (with any necessary endorsements or appropriate stock powers or instruments of transfer duly executed in blank) and the filing of financing statements or other registrations of pledge with the Secretary of State (or equivalent governmental official or personal property registry) of the State or Province in which such Grantor is organized (or where such Grantor is located in respect of Grantors which are located in Canada), will perfect, and, except with respect to any Collateral subject to any Lien permitted under Section 7.01 of the Credit Agreement and subject to the terms of the ABL Intercreditor Agreement, establish the first priority of, Collateral Agent's security interest hereunder in the Collateral securing the Secured Obligations.

(d) Company Rights. All units, shares, interests and other securities constituting Company Rights of any Company that is a Wholly Owned Subsidiary of a Grantor and, to the Grantor's knowledge, of any Company (other than any Company that is a Wholly Owned Subsidiary of a Grantor) have been duly authorized and validly issued, are fully paid and (other than with respect to general partnership interests or Pledged ULC Shares and, with respect to limited partnership interests or limited liability company membership interests to the extent such non-assessability may be affected by Section 17-607 of the Delaware Revised Uniform Limited Partnership Act or Section 18-607 of the Delaware Limited Liability Company Act) non-assessable, in each case, to the extent applicable, and were not issued in violation of the preemptive rights of any person or of any agreement by which Grantor or any Company is bound. As of the date hereof, no restrictions or conditions exist with respect to the transfer, voting or capital of any Company Rights except as disclosed on Schedule 3.1 hereto. Grantor has delivered to Collateral Agent all certificates and instruments evidencing Company Rights, accompanied where applicable by instruments of transfer or assignment duly executed in blank, in each case, to the extent required by the terms hereof. To each Grantor's knowledge, as of the date hereof, Company has no outstanding stock or share rights, rights to subscribe, options, warrants or convertible securities outstanding or any other rights outstanding whereby any person would be entitled to have issued to it units of ownership interest, stock, share, partnership, membership or other equity interests in any Company. Except with respect to Pledged Shares, neither any Grantor nor any Company has elected the application of Article 8 of the UCC to apply to any Company or any Company Rights, and Article 8 of the UCC is thus not applicable to any Company, except with respect to any Corporation. Grantor owns the interests in each Company which are described on Exhibit A as of the date hereof.

Section 3.2. Covenants. Unless Collateral Agent shall otherwise consent in writing, each Grantor will at all times comply with the covenants contained in the Credit Agreement that are applicable to such Grantor for so long as any Loans or other amounts due and owing under the Credit Agreement are outstanding or Revolver Commitments are outstanding and, in addition, each Grantor hereby covenants to Collateral Agent and each other Secured Party as follows, in each case subject to the requirements of the ABL Intercreditor Agreement:

(a) Company Rights. Except as permitted by the Credit Agreement, Grantor will maintain its ownership of the interests in each Company listed on Exhibit A. Grantor will timely honor all calls under any Company Agreement to provide capital to any Company, and Grantor will not otherwise default in performing any of Grantor's material obligations under any

Company Agreement, other than, in each case, where such default could not reasonably be expected to have a Material Adverse Effect or result in an Event of Default.

(b) Delivery of Certificates. All instruments and certificates and true and correct copies of all other writings evidencing the Company Rights as of the date hereof, if any, shall be delivered to Collateral Agent on or prior to the execution and delivery of this Agreement, together with a true and correct copy of each Company Agreement and all amendments and supplements thereto. All other certificates and instruments and true and correct copies of all writings hereafter evidencing or constituting Company Rights with a value in excess of $1,000,000, if any, and copies of all material amendments or supplements to any Company Agreement (whether or not authorized hereunder), shall be delivered to Collateral Agent promptly upon the receipt thereof by or on behalf of any Grantor. All such certificates and instruments shall be held by or on behalf of Collateral Agent pursuant hereto and shall be delivered in suitable form for transfer by delivery with any necessary endorsement or shall be accompanied by fully executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Collateral Agent. To the extent that any of the Company Rights (whether now owned or hereafter acquired) are not evidenced by a certificate, instrument or other writing, the Grantor will use commercially reasonable efforts to take all actions required to perfect the security interest created hereunder under applicable New York Law and in accordance with the Credit Agreement and such other actions as may be necessary to effect the foregoing at the Permitted Discretion of the Collateral Agent.

(c) Proceeds of Collateral. If such Grantor shall receive, by virtue of its being or having been an owner of any Company Rights, any certificate, instrument, deed, promissory note, or other similar instrument or writing with a value in excess of $1,000,000 (including any certificate representing a stock dividend or distribution or any given in connection with any increase or reduction of capital, reorganization, reclassification, merger, consolidation, sale of assets, liquidation, or partial liquidation, combination of shares, stock or share split, spinoff or split-off), such Grantor shall, subject to the terms of the ABL Intercreditor Agreement, (i) receive the same in trust for the benefit of Collateral Agent, (ii) segregate the same from such Grantor's other property, and (iii) along with any necessary endorsement or appropriate stock powers or instruments of transfer duly executed in blank: (1) with respect to any such certificates, instruments or promissory notes, promptly deliver it to Collateral Agent in the exact form received, to be held by Collateral Agent as Collateral; and (2) with respect to any such deeds or other similar writings, use its commercially reasonable best efforts to deliver it to Collateral Agent in the exact form received, to be held by Collateral Agent as Collateral. Upon the occurrence and during the continuance of an Event of Default and after written notice by the Administrative Agent, if such Grantor shall receive, by virtue of its being or having been an owner of any Company Rights, any (A) option or right, whether as an addition to, substitution for, or in exchange for, any Company Rights, or otherwise; (B) dividends or distributions payable in cash (except such dividends or distributions permitted to be retained by such Grantor pursuant to Section 4.9 hereof) or in securities or other property; or (C) dividends or other distributions in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid in surplus, such Grantor shall receive the same in trust for the benefit of the Collateral Agent, shall segregate it from such Grantor's property, and shall promptly deliver it to the Collateral Agent, in the exact form received, with any necessary

endorsements or appropriate stock powers or instruments of transfer duly executed in blank, to be held by the Collateral Agent as Collateral.

(d) Diminution of Company Rights. Grantor will not permit the issuance of any additional shares of any class of capital stock or any other interests of any Company (unless (i) promptly upon such creation or issuance the same are pledged and delivered to Collateral Agent pursuant to the terms hereof to the extent necessary to give Collateral Agent, subject to the terms of the ABL Intercreditor Agreement, a first priority security interest in total Company Rights after such creation or (ii) or otherwise permitted by the Credit Agreement), whether such additional interests are presently vested or will vest upon the payment of money or the occurrence or nonoccurrence of any other condition.

(e) Status of Company Rights. The Grantors shall use commercially reasonable efforts to cause the Company Rights of the Grantors to at all times be duly authorized, validly issued, fully paid and (other than with respect to general partnership interests or Pledged ULC Shares and, with respect to limited partnership interests or limited liability company membership interests to the extent such non-assessability may be affected by Section 17-607 of the Delaware Revised Uniform Limited Partnership Act or Section 18-607 of the Delaware Limited Liability Company Act) non-assessable, in each case, to the extent applicable, and shall not be issued in violation of the pre-emptive rights of any Person or of any agreement by which Grantor or any Company is bound, in each case, except where such violation could not be reasonably expected to have a Material Adverse Effect.

ARTICLE IV

Remedies, Powers and Authorizations

Section 4.1. Provisions Concerning the Collateral.

(a) Authorization to File Financing Statements; Additional Filings. Each Grantor hereby irrevocably authorizes Collateral Agent at any time and from time to time to file, without the signature of such Grantor, in any jurisdiction any amendments to existing financing statements and any initial financing statements and amendments thereto that (i) indicate the Collateral (1) in a manner substantially consistent with the provisions of Section 2.1 hereof, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, or (2) as being of an equal or lesser scope or with greater detail; (ii) contain any other information required by Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including the address of such Grantor, whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor; and (iii) are necessary to properly effectuate the transactions described in this Agreement, as determined by Collateral Agent in its Permitted Discretion. Each Grantor agrees to furnish any such information to Collateral Agent promptly upon its reasonable request. Each Grantor hereby further authorizes Collateral Agent to file one or more continuation statements to such financing statements. Each Grantor further agrees that, where permitted by applicable Law, a carbon, photographic, electronic or other reproduction of this Agreement or any financing statement describing any Collateral is sufficient as a financing statement and may be filed in any jurisdiction by Collateral Agent.

(b) Power of Attorney. Each Grantor hereby irrevocably appoints Collateral Agent as such Grantor's attorney-in-fact and proxy, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, in Collateral Agent's discretion at any time that an Event of Default shall have occurred and is continuing, subject to the terms of the ABL Intercreditor Agreement, to take any action, and to execute or endorse any instrument, certificate or notice, which Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including any action or instrument: (i) to request or instruct each Company (and each registrar, transfer agent, or similar Person acting on behalf of each Company) to register the pledge or transfer of the Collateral to Collateral Agent or any of its successors or permitted assigns; (ii) to otherwise give notification to any Company, registrar, transfer agent, financial intermediary, or other Person of Collateral Agent's security interests in the Collateral hereunder; (iii) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of its Collateral; (iv) to receive, indorse and collect any drafts or other instruments or documents included in the Collateral; (v) to enforce any obligations included in its Collateral; and (vi) to file any claims or take any action or institute any proceedings which Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce, perfect, or establish the priority of the rights of such Grantor or Collateral Agent with respect to any of the Collateral. Each Grantor hereby acknowledges that such power of attorney and proxy are coupled with an interest, are irrevocable, and are to be used by Collateral Agent for the sole benefit of the Secured Parties.

(c) Performance by Collateral Agent. If any Grantor fails to perform any agreement or obligation contained herein, Collateral Agent may itself perform, or cause the performance of, such agreement or obligation, and the expenses of Collateral Agent incurred in connection therewith shall be payable by such Grantor to the extent required by Section 10.04 of the Credit Agreement; provided, however, that unless an Event of Default has occurred and is continuing, the Collateral Agent shall not perform or cause the performance of such agreement or obligation without first making demand therefor to the applicable Grantor and such Grantor failing to promptly comply with such demand.

(d) Collection Rights. Collateral Agent shall have the right at any time, upon the occurrence and during the continuance of an Event of Default, to notify, or to require any Grantor to notify, any or all Persons (including any Company) obligated to make payments which are included among its Collateral (whether accounts, general intangibles, dividends, distribution rights, Company Rights to Payment, or otherwise) of the assignment thereof to Collateral Agent under this Agreement and to direct such obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to Collateral Agent and, upon such notification and at the expense of such Grantor and to the extent permitted by Law, to enforce collection thereof and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor could have done. After any Grantor receives notice that Collateral Agent has given, or after Collateral Agent has required any Grantor to give, any notice referred to above in this subsection, and so long as any Event of Default shall be continuing:

(i) all amounts and proceeds (including instruments and writings) received by such Grantor in respect of such rights to payment, accounts, general intangibles,

dividends, distribution rights or Company Rights to Payments shall be received in trust for the benefit of Collateral Agent hereunder, shall be segregated from other funds of such Grantor and, upon notice from the Collateral Agent of the exercise of remedies, shall be forthwith paid over to Collateral Agent in the same form as so received (with any necessary endorsement) to be applied as specified in Section 4.3, and

(ii) such Grantor will not adjust, settle or compromise the amount or payment of any such account or general intangible, Company Rights to Payments or release wholly or partly any account debtor or obligor thereof (including any Company) or allow any credit or discount thereon.

Section 4.2. Event of Default Remedies. If an Event of Default shall have occurred and be continuing, Collateral Agent may from time to time in its Permitted Discretion, without limitation and without notice except as expressly provided below, in each case subject to the terms of Section 8.02 of the Credit Agreement:

(a) exercise in respect of the Collateral, in addition to any other rights and remedies provided for herein, under the other Loan Documents or Secured Cash Management Agreement or otherwise available to it at Law, in equity or under any statute or other agreement, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral);

(b) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of Collateral Agent, promptly assemble all books, records and information of such Grantor relating to the Collateral at a place to be designated by Collateral Agent;

(c) reduce its claim to judgment or foreclose or otherwise enforce, in whole or in part, the security interest created hereby by any available judicial procedure;

(d) dispose of, at its office, on the premises of the respective Grantor or elsewhere, all or any part of the Collateral, as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale of any part of the Collateral shall not exhaust Collateral Agent's power of sale, but sales may be made from time to time, and at any time, until all of the Collateral has been sold or until the Secured Obligations have been paid and performed in full), and at any such sale it shall not be necessary to exhibit any of the Collateral;

(e) buy (or allow one or more of the Secured Parties to buy) the Collateral, or any part thereof, at any public sale;

(f) buy (or allow one or more of the Secured Parties to buy) the Collateral, or any part thereof, at any private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations;

(g) apply by appropriate judicial proceedings for appointment of a receiver for the Collateral, or any part thereof; and

(h) at its discretion, retain the Collateral in satisfaction of the Secured Obligations whenever the circumstances are such that Collateral Agent is entitled to do so under the UCC or

otherwise (provided that Collateral Agent shall in no circumstances be deemed to have retained the Collateral in satisfaction of the Secured Obligations in the absence of an express notice by Collateral Agent to such Grantor that Collateral Agent has either done so or intends to do so).

Each Grantor agrees that, to the extent notice of sale shall be required by Law and in the case of any Pledged ULC Shares whether or not required by law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

Section 4.3. Application of Proceeds. Subject to the terms of the ABL Intercreditor Agreement, if any Event of Default shall have occurred and be continuing, Collateral Agent may in its discretion apply any cash held by Collateral Agent as Collateral, and any cash proceeds received by Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral, as provided in Section 9.11 of the Credit Agreement.

Section 4.4. Deficiency. In the event that the proceeds of any sale, collection or realization of or upon Collateral by Collateral Agent are insufficient to pay all Secured Obligations and any other amounts to which Collateral Agent is legally entitled, all Grantors shall be jointly and severally liable for the deficiency, together with interest thereon, subject to and as provided in the governing Loan Documents or Secured Cash Management Agreement, or (if no interest is so provided) at such other rate as shall be fixed by applicable Law, together with the costs of collection and the fees of any legal counsel employed by Collateral Agent or any other Secured Party to collect such deficiency.

Section 4.5. Indemnity and Expenses. Each Grantor hereby agrees that it will (a) indemnify Collateral Agent and each other Secured Party from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement to the extent required by Section 10.04(b) of the Credit Agreement and (b) pay to Collateral Agent the amount of any and all costs and expenses required to be paid by Section 10.04(a) of the Credit Agreement.

Section 4.6. Non-Judicial Remedies. In granting to Collateral Agent the power to enforce its rights hereunder without prior judicial process or judicial hearing, each Grantor expressly waives, renounces and knowingly relinquishes any legal right which might otherwise require Collateral Agent to enforce its rights by judicial process. In so providing for non-judicial remedies, each Grantor recognizes and concedes that such remedies are consistent with the usage of trade, are responsive to commercial necessity, and are the result of a bargain at arm's length. Nothing herein is intended, however, to prevent Collateral Agent from resorting to judicial process at its option.

Section 4.7. Other Recourse. Each Grantor waives any right to require Collateral Agent or any other Secured Party to proceed against any other Person, to exhaust any Collateral or other security for the Secured Obligations, to have any other Grantor or Other Liable Party joined with such Grantor in any suit arising out of the Secured Obligations or this Agreement, or

to pursue any other remedy in Collateral Agent's or such Secured Party's power. Each Grantor further waives any and all notice of acceptance of this Agreement and of the creation, modification, rearrangement, renewal or extension for any period of any of the Secured Obligations of any Other Liable Party from time to time. Each Grantor further waives any defense arising by reason of any disability or other defense of any other Grantor or any Other Liable Party or by reason of the cessation from any cause whatsoever of the liability of any other Grantor or any Other Liable Party. This Agreement shall continue as to each Grantor irrespective of the fact that the liability of any other Grantor or any Other Liable Party may have ceased and, irrespective of the validity or enforceability of any other Loan Document to which any Grantor or any other Grantor or any Other Liable Party may be a party, and notwithstanding any death, incapacity, reorganization, or bankruptcy of any Grantor or any Other Liable Party or any other event or proceeding affecting any Grantor or any Other Liable Party. Until all of the Secured Obligations shall have been paid in full, no Grantor shall have any right to subrogation and each Grantor waives the right to enforce any remedy which Collateral Agent or any other Secured Party has or may hereafter have against any Grantor or any Other Liable Party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by Collateral Agent.

Section 4.8. Limitation on Duty of Collateral Agent in Respect of Collateral. Beyond the exercise of reasonable care in the custody thereof, Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or as to the preservation of rights against prior parties or any other rights pertaining thereto. Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any agent or bailee selected by Collateral Agent in good faith.

Section 4.9. Exercise of Company Rights.

(a) So long as no Event of Default shall have occurred and be continuing Grantors may receive, retain and use, any and all Company Rights to Payment paid in respect of the Collateral; provided, however, that any and all Company Rights to Payment paid or payable other than in cash with a value in excess of $1,000,000 in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Company Rights shall be, and shall promptly be delivered to Collateral Agent to hold as, Company Rights and shall, if received by any Grantor, be received in trust for the benefit of Collateral Agent, be segregated from the other property or funds of such Grantor, and be promptly delivered to Collateral Agent in the exact form received with any necessary endorsement, to be held by Collateral Agent as Collateral.

(b) So long as no Event of Default shall have occurred and be continuing, Grantors may exercise any and all voting rights pertaining to the Company Rights and Other Company Rights for any purpose not inconsistent with the terms of this Agreement.

(c) Upon the occurrence and during the continuance of an Event of Default and upon notice from the Collateral Agent of its intent to exercise remedies:

(i) all rights of each Grantor to receive and retain the Company Rights to Payment which it would otherwise be authorized to receive and retain pursuant to subsection (a) of this section shall automatically cease, and all such rights shall thereupon become vested in Collateral Agent which shall thereupon have the sole right to receive and hold as Collateral such Company Rights to Payment;

(ii) all rights of each Grantor to exercise any voting rights pertaining to the Company Rights and Other Company Rights pursuant to subsection (b) of this section shall cease upon Collateral Agent giving such Grantor notice of Collateral Agent's intention to exercise its rights under this section, and all such rights of such Grantor shall thereupon become vested in Collateral Agent which shall thereupon have the sole right to exercise any and all voting rights pertaining to the Company Rights and Other Company Rights;

(iii) Collateral Agent may at its option exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Company Rights, as if it were the absolute owner thereof, including, without limitation, the right to exchange, in its discretion, any and all of the Company Rights upon the merger, consolidation, reorganization, recapitalization or other adjustment of any Company, or upon the exercise by any Company of any right, privilege or option pertaining to any Company Rights, and, in connection therewith, to deposit and deliver any and all of the Company Rights with any committee, depository, transfer agent, registrar or other designated agent upon such terms and conditions as it may determine and any and all rights to dissolve any Company or to compel distribution of any Company's assets, all without liability except to account for property actually received by Collateral Agent, but Collateral Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing; and

(iv) all Company Rights to Payments which are received by any Grantor contrary to the provisions of subsection (c)(i) of this section shall be received in trust for the benefit of Collateral Agent, shall be segregated from other funds of such Grantor, and shall be forthwith paid over to Collateral Agent as Company Rights in the exact form received, to be held by Collateral Agent as Collateral.

(d) Each Grantor hereby authorizes and instructs each Company to (i) comply with any instruction received by it from Collateral Agent in writing that (A) states that an Event of Default has occurred and is continuing and (B) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Company shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, upon its receipt of instruction from the Collateral Agent in writing (A) stating that an Event of Default has occurred and is continuing and (B) that is otherwise in accordance with the terms of this Agreement, pay any Company Rights to Payments directly to Collateral Agent.

Section 4.10. Private Sale of Company Rights. Each Grantor recognizes that Collateral Agent may deem it impracticable to effect a public sale of all or any part of the Company Rights

and that Collateral Agent may, therefore, determine to make one or more private sales of any such Company Rights to a restricted group of purchasers who will be obligated to agree, among other things, to acquire the same for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sales shall be deemed to have been made in a commercially reasonable manner and that Collateral Agent shall have no obligation to delay sale of any such Company Rights for the period of time necessary to permit their registration for public sale under the Securities Act of 1933, as amended (the "Securities Act") or to qualify the distribution of such Company Rights under Canadian securities Laws, to the extent, if any, that the Securities Act or such Canadian securities Laws would be applicable thereto. Each Grantor further acknowledges and agrees that any offer to sell any Company Rights which has been (a) publicly advertised on a bona fide basis in a newspaper or other publication of general circulation in the financial community of New York, New York (to the extent that such an offer may be so advertised without prior registration under the Securities Act), or (b) made privately in the manner described above to not less than fifteen (15) bona fide offerees shall be deemed to involve a "public disposition" for the purposes of Section 9-610(c) of the UCC (or any successor or similar, applicable statutory provision) as then in effect in the State of New York, notwithstanding that such sale may not constitute a "public offering" under the Securities Act or under Canadian securities Laws, and that Collateral Agent or any other Secured Party may, in such event, bid for the purchase of such Company Rights.

Section 4.11. Reserved.

Section 4.12. Appointment of Collateral Agents. At any time or times, in order to comply with any legal requirement in any jurisdiction, Collateral Agent may appoint any bank or trust company or one or more other Persons, either to act as co-agent or co-agents, jointly with Collateral Agent, or to act as separate agent or agents on behalf of Collateral Agent and the other Secured Parties, with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment. In so doing Collateral Agent may, in the name and on behalf of any Grantor, give to such co-agent or separate agent indemnities and other protections similar to those provided in this Agreement for Collateral Agent. Collateral Agent shall notify Grantors in writing of any such appointment promptly thereafter; provided that, no such notice shall be required if such appointment was made in connection with Collateral Agent's, or any other Secured Party's exercise of any remedies hereunder or if an Event of Default has occurred and is continuing.

ARTICLE V

Miscellaneous

Section 5.1. Notices. Any notice or communication required or permitted hereunder shall be given, in the case of the US Borrower or Collateral Agent, as provided in the Credit Agreement and, in the case of any other Grantor, as provided in such Grantor's Guaranty in favor of Collateral Agent and the other Secured Parties.

Section 5.2. Amendments; Pledge Agreement Supplements. No amendment of any provision of this Agreement shall be effective unless it is in writing and signed by each Grantor and Collateral Agent, and no waiver of any provision of this Agreement, and no consent to any departure by any Grantor therefrom, shall be effective unless it is in writing and signed by Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given and to the extent specified in such writing. In addition, all such amendments and waivers shall be effective only if given with the necessary approvals of Lenders as required in the Credit Agreement. Upon the execution and delivery by any Person of a pledge agreement supplement in substantially the form of Exhibit B (each, a "Pledge Agreement Supplement"): (a) such Person shall be referred to as an "Additional Grantor" and shall become and be a Grantor hereunder, and each reference in this Agreement to a "Grantor" shall also mean and be a reference to such Additional Grantor, and each reference in any other Loan Document to a "Grantor" or a "Loan Party" shall also mean and be a reference to such Additional Grantor; and (b) each reference herein to "this Agreement," "hereunder," "hereof" or words of like import referring to this Agreement, and each reference in any other Loan Document to the "Pledge Agreement," "thereunder," "thereof" or words of like import referring to this Agreement, shall mean and be a reference to this Agreement as supplemented by such Pledge Agreement Supplement.

Section 5.3. Preservation of Rights. No failure on the part of Collateral Agent or any other Secured Party to exercise, and no delay in exercising, any right hereunder or under any other Loan Document or Secured Cash Management Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. Neither the execution nor the delivery of this Agreement shall in any manner impair or affect any other security for the Secured Obligations. The rights and remedies of Collateral Agent provided herein or in the other Loan Documents or Secured Cash Management Agreements are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by Law or otherwise. The rights of Collateral Agent under any Loan Document or Secured Cash Management Agreement against any party thereto are not conditional or contingent on any attempt by Collateral Agent to exercise any of its rights or exhaust any recourse under any other Loan Document or Secured Cash Management Agreement against such party or against any other Person.

Section 5.4. Unenforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 5.5. Survival of Agreements. All representations and warranties of each Grantor herein, and all covenants and agreements herein shall survive the execution and delivery of this Agreement, the execution and delivery of any other Loan Document or Secured Cash Management Agreement and the creation of the Secured Obligations.

Section 5.6. Other Liable Parties. Neither this Agreement nor the exercise by Collateral Agent or any Secured Party or the failure of Collateral Agent or any Secured Party to exercise any right, power or remedy conferred herein or by Law shall be construed as relieving

any Grantor or any Other Liable Party from liability on the Secured Obligations or any deficiency thereon.

Section 5.7. Binding Effect and Assignment. This Agreement creates a continuing security interest in the Collateral and: (a) shall be binding on each Grantor and its successors and permitted assigns; and (b) shall inure, together with all rights and remedies of Collateral Agent hereunder, to the benefit of Collateral Agent and the other Secured Parties and their respective successors, permitted transferees and permitted assigns. Without limiting the generality of the foregoing, Collateral Agent and the other Secured Parties may (except as otherwise provided in the Credit Agreement) pledge, assign or otherwise transfer any or all of their respective rights under any or all of the Loan Documents to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted herein or otherwise. None of the rights or duties of any Grantor hereunder may be assigned or otherwise transferred without the prior written consent of Collateral Agent, except in a transaction otherwise permitted by the Credit Agreement.

Section 5.8. Termination. Subject to the terms of the ABL Intercreditor Agreement, upon the satisfaction in full of the Loans and other amounts due and owing under the Credit Agreement and the termination or expiration of the Credit Agreement and all Revolver Commitments (other than (i) indemnity obligations that survive the termination of this Agreement for which no notice of claims has been received by the Grantors and (ii) Letters of Credit that have been Cash Collateralized to the reasonable satisfaction of the Collateral Agent), the Collateral shall be released from the Liens created hereby, and this Agreement shall terminate (other than those provisions expressly stated to survive such termination) and all rights to the Collateral shall revert to the applicable Grantor, all without delivery of any instrument or performance of any act by any party. Collateral Agent will thereafter, subject to the terms of the ABL Intercreditor Agreement, promptly upon any Grantor's request and at such Grantor's expense, (a) return to such Grantor such of the Collateral in Collateral Agent's possession as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof, and (b) execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

Section 5.9. Releases. If any of the Collateral shall be sold or otherwise disposed of by any Grantor in a transaction permitted by the Credit Agreement, then Collateral Agent, at the request and sole expense of such Grantor, shall promptly execute and deliver to such Grantor all releases or other documents reasonably necessary for the release of the Liens created hereby on such Collateral.

Section 5.10. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST CREATED HEREBY HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.**

Section 5.11. Submission to Jurisdiction; Waiver of Venue; Service of Process.

(a) Each party hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Grantor or its properties in the courts of any jurisdiction.

(b) Each party hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (a) of this Section. Each party hereto hereby agrees that Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York shall apply to the Loan Documents and irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto consents to process being served in any action or proceeding of the nature referred to in paragraph (a) of this Section by mailing a copy thereof by registered or certified mail to such party hereto at its address set forth in Section 5.1. Each party hereto agrees that such service of process (i) shall be deemed in every respect effective and binding service of process upon such party hereto in any such action or proceeding and (ii) shall, to the fullest extent permitted by Law, be taken and held to be valid personal service upon and personal delivery to such party hereto. Nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by law or shall limit the right of the parties hereto to bring proceedings against any party hereto in the courts of any other jurisdiction.

Section 5.12. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN

DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 5.13. Final Agreement. **THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.**

Section 5.14. Counterparts. This Agreement may be separately executed in any number of counterparts (including by facsimile transmission), all of which when so executed shall be deemed to constitute one and the same Agreement.

Section 5.15. Pledged ULC Shares. Each Grantor acknowledges that certain of the Collateral of such Grantor may now or in the future consist of ULC Shares, and that it is the intention of the Collateral Agent and each Grantor that neither the Collateral Agent nor any other Secured Party should under any circumstances prior to realization thereon be held to be a "member" or a "shareholder", as applicable, of a ULC for the purposes of any ULC Laws. Notwithstanding any provisions to the contrary contained in this Agreement or any other Loan Document, any Grantor who is the holder of shares of an unlimited liability corporation or an unlimited company organized under the laws of a province of Canada is the sole registered and beneficial owner of such Pledged ULC Shares and will remain so until such time as any of such Pledged ULC Shares are fully and effectively transferred into the name of Collateral Agent or any Secured Party or any other person on the books and records of such ULC. Accordingly, each Grantor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, in respect of such Pledged ULC Shares (except for any dividend or distribution comprised of Pledged Securities of such Grantor, which shall be delivered to the Collateral Agent to hold hereunder) and shall have the right to vote such Pledged ULC Shares and to control the direction, management and policies of the applicable ULC to the same extent as such Grantor would if such Pledged ULC Shares were not pledged to the Collateral Agent pursuant hereto. Nothing in this Agreement, the Credit Agreement or any other Loan Document is intended to, and nothing in this Agreement, the Credit Agreement or any other Loan Document shall, constitute the Collateral Agent, any other Secured Party, or any other Person other than the applicable Grantor, a member or shareholder of a ULC for the purposes of any ULC Laws (whether listed or unlisted, registered or beneficial), until such time as notice is given to such Grantor and further steps are taken pursuant hereto or thereto so as to register the Collateral Agent, any other Secured Party, or such other Person, as specified in such notice, as the holder of the Pledged ULC Shares. To the extent any provision hereof would have the effect of constituting the Collateral Agent or any other Secured Party as a member or a shareholder, as applicable, of any ULC prior to such time, such provision shall be severed herefrom and shall be ineffective with respect to Pledged ULC Shares which are Collateral of any Grantor without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral of any Grantor which is not Pledged ULC Shares. Except upon the exercise of rights of the Collateral Agent to sell, transfer or otherwise dispose of Pledged ULC Shares in accordance with this Agreement, each Grantor shall not cause or permit, or enable a ULC in which they hold Pledged ULC Shares to cause or permit, the Collateral Agent or any other Secured Party to: (a) be registered as a shareholder or

member of such Pledged Issuer; (b) have any notation entered in their favor in the share register of such ULC in which they hold Pledged ULC Shares; (c) be held out as shareholders or members of such ULC in which they hold Pledged ULC Shares; (d) receive, directly or indirectly, any dividends, property or other distributions from such ULC in which they hold Pledged ULC Shares by reason of the Collateral Agent holding the Security Interests over the Pledged ULC Shares; or (e) act as a shareholder of such ULC in which they hold Pledged ULC Shares, or exercise any rights of a shareholder including the right to attend a meeting of shareholders of such ULC in which they hold Pledged ULC Shares or to vote its Pledged ULC Shares.

Section 5.16. ABL Intercreditor Agreement Governs. Notwithstanding anything herein to the contrary, the Liens and security interests granted to the Collateral Agent, for the benefit of the Secured Parties pursuant to this Agreement, and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties hereunder, in each case, with respect to the Collateral and Liens securing any ABL Obligations or Term Loan Obligations are subject to the provisions of the ABL Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the ABL Intercreditor Agreement and this Agreement with respect to the Collateral and Liens securing any ABL Obligations or Term Loan Obligations, as applicable, including with respect to (i) any obligation to deliver Pledged Securities or provide control with respect to any Collateral and (ii) any representation, warranty or covenant herein relating to the priority of any security interest in the Collateral, the provisions of the ABL Intercreditor Agreement shall prevail. As used in this Section 5.16, "ABL Obligations" and "Term Loan Obligations" shall have the respective meaning given to such terms in the ABL Intercreditor Agreement.

Section 5.17. Counterparts. This Agreement may be separately executed in any number of counterparts (including by facsimile transmission), all of which when so executed shall be deemed to constitute one and the same Agreement.

(Remainder of Page Intentionally Left Blank; Signature Pages Follow)

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

NISKA GAS STORAGE PARTNERS L.P.
By: General Partner: Swan GP LLC
By: Sole Manager: Brookfield Infrastructure Fund GP II LLC

By: _____
Name: Fred Day
Title: Vice President

NISKA US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GS HOLDINGS I, L.P.
By: General Partner: Niska US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE US, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA MIDSTREAM LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE MANAGEMENT LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

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By: _____
Name: Darren Soice
Title: Chief Investment Officer

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By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA MIDSTREAM LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISK GAS STORAGE MANAGEMENT LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

WILD GOOSE STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

STARKS GAS STORAGE L.L.C.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

SALT PLAINS STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

COASTAL BEND GAS STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NIS .. GAS TRANSPORT INC.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE US FINANCE CORP.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

LODI GAS STORAGE, L.L.C.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

BIF II CALGAS (DELAWARE) LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

BIF II TRES PALACIOS AGGREGATOR (DELAWARE) LLC

By: _____
Name: Darren Soice
Title: President

NISKA GAS STORAGE LTD.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA CANADA GP ULC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

AECO GAS STORAGE PARTNERSHIP,
By: Mana_in_ Partner: Niska Gas Storage Ltd.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

ROYAL BANK OF CANADA, as Collateral Agent

By: _____

Name: Yvonne Brazier

Title: Manager, Agency Services

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Niska US GP LLC	Niska Gas Storage Partners L.P.	sole membership interest	N/A
Niska GS Holdings I, L.P.	Niska Gas Storage Partners L.P.	limited partnership interest - 99.999%	N/A
Niska Gas Storage Management LLC	Niska Gas Storage Partners L.P.	sole membership interest	N/A
Niska GS Holdings I, L.P.	Niska US GP LLC	general partnership interest - 0.001%	N/A
Niska Gas Storage US, LLC	Niska GS Holdings I, L.P.	sole membership interest	N/A
Niska Gas Storage LLC	Niska Gas Storage US, LLC	sole membership interest	N/A
Niska Midstream LLC	Niska Gas Storage US, LLC	sole membership interest	N/A
Niska Gas Storage US Finance Corp.	Nisks Gas Storage LLC	1000 Common Stock Shares	N/A
Salt Plains Storage, LLC	Niska Gas Storage LLC	sole membership interest	N/A
Niska Gas Transport Inc.	Niska Gas Storage LLC	1000 Common Stock Shares	N/A
Starks Gas Storage L.L.C.	Niska Gas Storage LLC	sole membership interest	N/A
Coastal Bend Gas Storage, LLC	Niska Gas Storage LLC	sole membership interest	N/A
Niska Gas Storage Ltd	Niska Gas Storage Partners L.P.	181,328,136 common shares	3 – 119,676,569.76 4 – 59,838,284.88 6 – 1,813,281.36
AECO Gas Storage Partnership	Niska Gas Storage Ltd	partnership interest - 99.999%	N/A
AECO Gas Storage Partnership	Niska Canada GP ULC	partnership interest - 0.001%	N/A

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Niska Gas Storage Canada Finance Corp.	Niska Gas Storage Ltd	1,000 Class A Common shares	2AC
Niska Partners Management ULC	AECO Gas Storage Partnership	100 Class "A" Common Shares	2AC
Access Gas Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares and 1,000 Preferred Shares	A-6 and 2P
Access Gas Services (Ontario) Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	No. 1
EnerStream Agency Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	No. 1
Lodi Gas Storage LLC	BIF II CalGas (Delaware) LLC	partnership interest - 100%	N/A
Wild Goose Storage, LLC	Niska Gas Storage US, LLC	sole membership interest	N/A
Niska Canada GP ULC	Niska Gas Storage Ltd	10,000 common shares	2C
Tres Palacios Holdings LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	membership interest	N/A
BIF II Tres Palacios Storage (Delaware) LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	sole membership interest	N/A

FORM OF PLEDGE AGREEMENT SUPPLEMENT

_____, 20__

Royal Bank of Canada, as Collateral Agent
Royal Bank Plaza, 20 King Street West
4th Floor, South Tower
Toronto, ON M5H 1C4
Telephone: 416 842-3910
Telecopier: 416 842-4023

Re: ABL Credit Agreement dated as of December 22, 2016 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement"), among NISKA GAS STORAGE PARTNERS L.P., a Delaware limited partnership (the "US Borrower"), AECO GAS STORAGE PARTNERSHIP, an Alberta general partnership (the "Canadian Borrower"), SWAN EQUITY SUB-AGGREGATOR LP and SWAN GP LLC, as Parent Affiliates, ROYAL BANK OF CANADA, as Administrative Agent and Collateral Agent (in such capacity, "Collateral Agent"), and the other Lenders parties thereto.

Ladies and Gentlemen:

Reference is made to the Credit Agreement referred to above and to the ABL Pledge Agreement (U.S.) dated as of December 22, 2016 executed by US Borrower and other Grantors from time to time party thereto in favor of Collateral Agent, for the benefit of the Secured Parties (as heretofore amended, supplemented, restated or otherwise modified from time to time, the "Original Pledge Agreement"; such Original Pledge Agreement, as in effect on the date hereof and as it may hereafter be amended, supplemented, restated or otherwise modified from time to time, together with this Pledge Agreement Supplement, being the "Pledge Agreement"). The capitalized terms defined in the Pledge Agreement and not otherwise defined herein are used herein as therein defined.

Section 1. Grant of Security Interest. The undersigned (herein called the "Additional Grantor") hereby pledges, collaterally assigns and grants to Collateral Agent a continuing security interest, for the benefit of the Secured Parties, in and to all of Additional Grantor's right, title and interest in and to all of the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of Additional Grantor's Secured Obligations, whether now existing or hereafter incurred or arising:

(a) Company Rights. All of the following (herein collectively called the "Company Rights"), whether now or hereafter existing, which are owned by Additional Grantor or in which Additional Grantor otherwise has any rights:

(i) all interests in any limited liability company and all proceeds, interest, profits, and other payments or rights to payment attributable to Additional Grantor's

interests in any limited liability company (whether one or more, herein called the "LLCs"), including without limitation those described in Exhibit A hereto;

(ii) all interests in general or limited partnerships (including general partnership interests and limited partnership interests) and all proceeds, interest, profits, and other payments or rights to payment attributable to Additional Grantor's interests in any limited or general partnership (whether one or more, herein called the "Partnerships"), including without limitation those described in Exhibit A hereto;

(iii) all shares of stock and other equity of corporations or any unlimited company or unlimited liability corporation (sometimes referred to as an "unlimited liability company") (including common shares or preferred shares) and all proceeds, interest, profits, and other payments or rights to payment attributable to Additional Grantor's interests in any corporation or unlimited company or unlimited liability corporation (whether one or more, herein called the "Corporations" or the "ULCs", respectively), including without limitation those described in Exhibit A hereto, all certificates representing any such shares, all options and other rights, contractual or otherwise, at any time existing with respect to such shares, and all dividends, cash, instruments and other property now or hereafter received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares (any and all such shares, certificates, options, rights, dividends, cash, instruments and other property being herein called the "Pledged Shares");

(iv) all distributions, dividends, cash, instruments and other property now or hereafter received, receivable or otherwise made with respect to or in exchange for any interest of Additional Grantor in any Company, including interim distributions, returns of capital, loan repayments, and payments made in liquidation of any Company, and whether or not the same arise or are payable under any Organization Document, any agreement or certificate forming any Company or any other agreement governing any Company or the relations among the members, partners, shareholders, stockholders or other equity holders of any Company (any and all such proceeds, interest, profits, payments, rights to payment, distributions, dividends, cash, instruments, other property, interim distributions, returns of capital, loan repayments, and payments made in liquidation being herein called the "Company Rights to Payments", and any and all such Organization Documents, agreements, certificates, and other agreements being herein called the "Company Agreements"); and

(v) all other interests and rights of Additional Grantor in any Company, whether under the Company Agreements or otherwise, including without limitation any right to cause the dissolution of any Company or to appoint or nominate a successor to Additional Grantor as a member, partner, shareholder, stockholder or other equity holder in any Company (all such other interests and rights being herein called the "Other Company Rights").

(b) All proceeds of any and all of the foregoing Collateral and, to the extent not otherwise included, all payments under insurance (whether or not Collateral Agent is the loss

payee thereof) or under any indemnity, warranty or guaranty by reason of loss to or otherwise with respect to any of the foregoing Collateral.

In each case, the foregoing property shall be covered by this Agreement, whether Additional Grantor's ownership or other rights therein are presently held or hereafter acquired and howsoever Additional Grantor's interests therein may arise or appear (whether by ownership, security interest, claim or otherwise).

The granting of the foregoing security interest does not make Collateral Agent or any Secured Party a successor to Additional Grantor as a member or shareholder of any LLC or ULC or as a partner of any Partnership or a stockholder or shareholder of any Corporation, and neither Collateral Agent, any Secured Party nor any of their respective successors or assigns hereunder shall be deemed to have become a member or shareholder of any LLC or ULC, have become a partner of any Partnership or have become a stockholder or shareholder of any Corporation by accepting this Agreement or exercising any right granted herein unless and until such time, if any, when Collateral Agent or any such successor or assign expressly becomes a member or shareholder of any LLC or ULC, becomes a partner of any Partnership or becomes a stockholder or shareholder of any Corporation after a foreclosure upon Other Company Rights. Notwithstanding anything herein to the contrary (except to the extent, if any, that Collateral Agent or any of its successors or assigns hereafter expressly becomes a member or shareholder of any LLC or ULC, a partner of any Partnership or a stockholder or shareholder of any Corporation), neither Collateral Agent nor any Secured Party nor any of their respective successors or permitted assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any Company or of Additional Grantor to any Company or under any Company Agreement, and the above definition of "Other Company Rights" shall be deemed modified, if necessary, to prevent any such assumption or other liability.

Additional Grantor hereby acknowledges that the Secured Obligations are owed to the various Secured Parties and that each Secured Party is entitled to the benefits of the Liens given under this Agreement, provided, however, only Collateral Agent and its permitted successors, transferees, assigns and co-agents under Sections 4.12 and 5.7 of the Pledge Agreement shall be entitled to exercise any remedies relating to the Liens given under this Agreement.

Section 2. Obligations Under the Pledge Agreement. Additional Grantor hereby agrees, as provided in Section 5.2 of the Pledge Agreement, as of the date first above written, to be bound as a Grantor by all of the terms and conditions of the Pledge Agreement to the same extent as each of the other Grantors thereunder. The undersigned further agrees, as of the date first above written, that each reference in the Pledge Agreement to an "Additional Grantor" or a "Grantor" shall also mean and be a reference to the undersigned, and each reference in any other Loan Document to a "Grantor" or a "Loan Party" shall also mean and be a reference to the undersigned. The information set forth in Annex A hereto is hereby added to the information set forth in [Schedule 3.1] [Exhibit A] to the Pledge Agreement.

Section 3. Representations, Warranties and Covenants. The undersigned hereby (a) represents and warrants that each representation and warranty set forth in Section 3.1 of the Pledge Agreement (assuming that all references in such Section 3.1 to a specific date refer to the date hereof) is true and correct in all material respects insofar as it refers to the undersigned (with

no duplication of a materiality qualifier) and (b) undertakes each covenant obligation set forth in Section 3.2 of the Pledge Agreement, in each case to the same extent as each other Grantor.

Section 4. ABL Intercreditor Agreement Govern. Notwithstanding anything herein to the contrary, the Liens and security interests granted to the Collateral Agent, for the benefit of the Secured Parties pursuant to this Agreement, and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties hereunder, in each case, with respect to the Collateral and Liens securing any ABL Obligations or Term Loan Obligations are subject to the provisions of the ABL Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the ABL Intercreditor Agreement and this Agreement with respect to the Collateral and Liens securing any ABL Obligations or Term Loan Obligations, as applicable, including with respect to (i) any obligation to deliver Pledged Securities or provide control with respect to any Collateral and (ii) any representation, warranty or covenant herein relating to the priority of any security interest in the Collateral, the provisions of the ABL Intercreditor Agreement shall prevail. As used in this Section 4, "ABL Obligations" and "Term Loan Obligations" shall have the respective meaning given to such terms in the ABL Intercreditor Agreement.

Section 5. Governing Law. **THIS PLEDGE AGREEMENT SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST CREATED HEREBY HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.**

(Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the undersigned has caused this Pledge Agreement Supplement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

Very truly yours,

[NAME OF ADDITIONAL GRANTOR]

By: _____
Name:
Title:

SCHEDULE 3.1 TO PLEDGE AGREEMENT

The transfer, voting or capital of the Company Rights of Tres Palacios Holdings LLC that are owned by BIF II Tres Palacios Aggregator (Delaware) LLC are subject to the consent of Crestwood Midstream Partners pursuant to the Organization Documents.

EXHIBIT JA-7

[PUBLIC VERSION]

INTERCOMPANY CREDIT AGREEMENT

Execution Version

AMENDMENT NO. 1 TO CREDIT AGREEMENT

dated as of February 14, 2018

among

ROCKPOINT GAS STORAGE PARTNERS LP,
as Borrower,

SWAN EQUITY AGGREGATOR LP,
as Administrative Agent and Lender

and

THE OTHER LOAN PARTIES PARTY HERETO

AMENDMENT NO. 1 TO CREDIT AGREEMENT, dated as of February 14, 2018 (this "Amendment"), among ROCKPOINT GAS STORAGE PARTNERS LP, a Delaware limited partnership (formerly known as Niska Gas Storage Partners L.P.) (the "Borrower"), the other Loan Parties party hereto and SWAN EQUITY AGGREGATOR LP, as administrative agent (in such capacity, the "Administrative Agent") and a Lender. Capitalized terms used but not defined in this Amendment shall have the meanings assigned to such terms in the Credit Agreement (as defined below) referred to below.

WHEREAS, the Borrower, the Administrative Agent, and the Lenders party thereto entered into that certain Credit Agreement dated as of December 22, 2016 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time prior to the date hereof, the "Existing Credit Agreement" and, as amended by this Amendment or as further amended, restated, amended and restated, supplemented or otherwise modified from time to time after the date hereof, the "Credit Agreement");

WHEREAS, the Borrower changed its name from Niska Gas Storage Partners L.P. to Rockpoint Gas Storage Partners LP;

WHEREAS, the Term Loan Agreement is expected to be terminated and the ABL Credit Agreement is expected to be amended to, among other modifications, extend the final scheduled maturity date thereof;

WHEREAS, the Borrower, the other Loan Parties party hereto, the Administrative Agent and the Lender party hereto have agreed to amend the Existing Credit Agreement, but only on the terms and conditions herein set forth;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Amendments to the Credit Agreement. Effective as of the Amendment No. 1 Effective Date (as defined below):

(A) The Existing Credit Agreement is hereby amended to delete the stricken text (indicated textually in the same manner as the following example: ~~**stricken text**~~) and to add the double-underlined text (indicated textually in the same manner as the following example: **double-underlined text**) as set forth in the pages of the Credit Agreement attached as Annex I hereto.

(B) Each of Schedule 5.06, Schedule 5.11, and Schedule 5.13, of the Existing Credit Agreement is replaced in its entirety with the schedule set forth in Annex II hereto.

(C) From and after the consummation of any Tres Palacios Disposition or the designation of any Tres Palacios Party as an Unrestricted Subsidiary, the Credit Agreement and the other Loan Documents shall be deemed amended to remove all references to any Tres Palacios Party subject to such Disposition or such designation, including (without limitation), as a Restricted Affiliate and a Loan Party.

Section 2. Conditions to Effectiveness of Amendment. This Amendment shall become effective and the provisions set forth in Section 1 shall become operative on the date (the "Amendment No. 1 Effective Date") on which each of the following conditions are satisfied or waived by the Administrative Agent in its sole discretion:

(A) the Administrative Agent shall have received executed signature pages to this Amendment from the Required Lenders, the Borrower and the other Loan Parties;

(B) the Administrative Agent shall have received, for each of the applicable Loan Parties with a jurisdiction of incorporation, organization or formation in the United States of America:

(1) a copy of such Loan Party's Organization Documents, as amended up to and including the Amendment No. 1 Effective Date, (1) certified (to the extent such certification can be obtained) as of a recent date by the applicable Governmental Authority of such Loan Party's jurisdiction of incorporation, organization or formation, and (2) certified as of the Amendment No. 1 Effective Date by the secretary or assistant secretary of such Loan Party or a Responsible Officer of such Loan Party as being in full force and effect without further modification or amendment;

(2) a good standing certificate or certificate of status from the applicable Governmental Authority of such Loan Party's jurisdiction of incorporation, organization or formation, each dated a recent date prior to the Amendment No. 1 Effective Date;

(3) signature and incumbency certificates of the officers of such Loan Party executing the Loan Documents to which it is a party, dated as of the Amendment No. 1 Effective Date; and

(4) duly adopted resolutions of the board of directors or similar governing body of such Loan Party approving and authorizing the execution, delivery and performance of this Amendment and the other Loan Documents to which it is a party, certified as of the Amendment No. 1 Effective Date by the secretary or assistant secretary of such Loan Party or a Responsible Officer of such Loan Party, as being in full force and effect without modification or amendment;

(C) the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower (it being understood that, with respect to the person executing such certificate as a Responsible Officer of the Borrower, such certificate is provided in such person's capacity as an officer of the Borrower, and not in such person's individual capacity), in substantially the form of Exhibit E to the Credit Agreement, attesting to the Solvency of each Loan Party, on a combined basis, as of the Amendment No. 1 Effective Date;

(D) the Administrative Agent shall have received all documentation and other information required by bank regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation, the PATRIOT Act;

(E) (i) all accrued fees and expenses required to be paid to the Administrative Agent on or before the Amendment No. 1 Effective Date shall have been paid and (ii) all fees required to be paid to the Lenders on or before the Amendment No. 1 Effective Date shall have been paid, in each case, to the extent estimated or invoiced at least one (1) Business Day prior to the Amendment No. 1 Effective Date;

(F) unless waived by the Administrative Agent, the Borrower shall have paid all fees, charges and disbursements of not more than one US and one Canadian counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent), *plus* such additional amounts

of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent), in each case, to the extent estimated or invoiced at least one (1) Business Day prior to the Amendment No. 1 Effective Date; and

(G) the Borrower shall have consummated the transactions contemplated by the Secured Senior Notes Documents (which shall be in form and substance reasonably satisfactory to the Administrative Agent), and shall have applied the net proceeds thereof, together with cash on hand, to (i) satisfy and discharge the Senior Notes Indenture and (ii) repay the obligations under the Term Loan Documents in full, and, in each case, shall have caused the release and discharge of all security interests, liens and guaranties in respect thereof, as applicable, in each case, in form and substance satisfactory to the Administrative Agent.

Section 3. Reaffirmation of the Loan Parties. Each Loan Party hereby consents to the amendment of the Existing Credit Agreement effected hereby and confirms and agrees that, notwithstanding the effectiveness of this Amendment, each Loan Document to which such Loan Party is a party is, and the obligations of such Loan Party contained in the Existing Credit Agreement, this Amendment or in any other Loan Document to which it is a party are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects, in each case as amended by this Amendment.

Section 4. Representations and Warranties. The Borrower represents and warrants to the Administrative Agent and the Lender as of the Amendment No. 1 Effective Date that:

Section 4.1. The execution, delivery and performance of this Amendment by each Loan Party and the performance by each Loan Party of the Loan Documents, as amended by this Amendment, to which such Loan Party is party have been duly authorized by all necessary corporate or other organizational action. Each Loan Party has duly executed and delivered this Amendment and each of this Amendment and the Loan Documents, as amended by this Amendment, to which such Loan Party is a party, constitutes the legal, valid and binding obligation of such Loan Party enforceable against each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar Laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law). Each Loan Party (a) is in compliance with all applicable Laws and (b) is duly qualified and is licensed and, to the extent such concept is applicable in such jurisdiction, in good standing, under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except in each case referred to in clause (a) or (b) to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 4.2. The execution, delivery and performance by each Loan Party of this Amendment and the performance by each Loan Party of each Loan Document, as amended by this Amendment, to which such Loan Party is a party, will not (a) violate any Law, except to the extent that any such violation could not reasonably be expected to have a Material Adverse Effect, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which such Loan Party is a party or affecting such Loan Party or the properties of such Loan Party or any of its Subsidiaries (other than Liens permitted by the Credit Agreement) or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or its property is subject, except to the extent that any such violations could not reasonably be expected to have a Material Adverse Effect or (c) contravene the terms of any of such Loan Party's Organization Documents.

Section 4.3. The representations and warranties set forth in the Credit Agreement, this Amendment and in the other Loan Documents, as amended by this Amendment, shall be true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) on and as of Amendment No. 1 Effective Date (both before and after giving effect to the Amendment) with the same effect as though such representations and warranties had been made on and as of the Amendment No. 1 Effective Date, except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) as of such earlier date.

Section 4.4. At the time of and after giving effect to this Amendment, no Default or Event of Default shall have occurred and is continuing.

Section 5. Counterparts. This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission (i.e. a "PDF" or "TIF") shall be effective as delivery of a manually executed counterpart hereof.

Section 6. Applicable Law. THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 7. Headings. The headings of this Amendment are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 8. Notices. All communications and notices hereunder shall be given as provided in the Credit Agreement.

Section 9. Severability. The fact that any term or provision of this Amendment is held invalid, illegal or unenforceable as to any person in any situation in any jurisdiction shall not affect the validity, enforceability or legality of the remaining terms or provisions hereof or the validity, enforceability or legality of such offending term or provision in any other situation, or jurisdiction or as applied to any person.

Section 10. Successors. The terms of this Amendment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and permitted assigns.

Section 11. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement or any other provision of either such agreement or any other Loan Document. Each Loan Party acknowledges and agrees that each of the Loan Documents to which it is a party or otherwise bound shall continue in full force and effect and that all of its obligations thereunder shall be valid and enforceable and shall not be paid, released, discharged, satisfied, impaired or limited by the execution or effectiveness of this Amendment and this Amendment shall not constitute a refinancing, substitution or novation of such obligations or any of the other rights, duties, and obligations of the parties hereunder. Each Loan Party ratifies and reaffirms its obligations under the Loan Documents to which it is a party, and if such Loan Party is a Guarantor, its guaranty of the Obligations pursuant to the

Guaranties. From and after the Amendment No. 1 Effective Date, all references to the Credit Agreement in any Loan Document shall, unless expressly provided otherwise, refer to the Credit Agreement. In entering into this Amendment, each Lender has undertaken its own analysis and has not relied on any other Lender in making its decision to enter into this Amendment. This Amendment constitutes a Loan Document. The Borrower agrees to pay all reasonable and documented out-of-pocket costs and expenses of the Administrative Agent in connection with the preparation, execution, delivery and administration of this Amendment and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 10.04 of the Credit Agreement.

[*Remainder of Page Intentionally Left Blank*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the date first above written.

ROCKPOINT GAS STORAGE PARTNERS LP,
as Borrower
By Swan GP LLC, its general partner

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GS HOLDINGS I, LP
By Rockpoint US GP LLC, its general partner

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

BIF II TRES PALACIOS AGGREGATOR (DELAWARE) LLC

By _____
Name: Simon Dupéré
Title: President

BIF II CALGAS (DELAWARE) LLC
COASTAL BEND GAS STORAGE, LLC
LODI GAS STORAGE, L.L.C.
ROCKPOINT GAS STORAGE LLC
ROCKPOINT GAS STORAGE MANAGEMENT LLC
ROCKPOINT GAS STORAGE US FINANCE CORP.
ROCKPOINT GAS STORAGE US, LLC
ROCKPOINT MIDSTREAM LLC
ROCKPOINT PARTNERS MANAGEMENT US INC.
ROCKPOINT US GP LLC
SALT PLAINS STORAGE, LLC
STARKS GAS STORAGE L.L.C.
WILD GOOSE STORAGE, LLC

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

AECO GAS STORAGE PARTNERSHIP
By Rockpoint Gas Storage Canada Ltd., its managing partner

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE CANADA LTD.
ROCKPOINT GAS STORAGE CANADA FINANCE CORP.
ROCKPOINT CANADA GP ULC
ACCESS GAS SERVICES INC.
ACCESS GAS SERVICES (ONTARIO) INC.
ENERSTREAM AGENCY SERVICES INC.

By _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

SWAN EQUITY AGGREGATOR LP,
as the Administrative Agent and Lender
By Swan Holdings GP (Canada) Inc., its general partner

By: _____
Name: James Rickert
Title: Senior Vice President

Annex I

CREDIT AGREEMENT

Dated as of December ~~21, 2016~~22, 2016, as amended by Amendment No. 1 to Credit Agreement dated as of February 14, 2018

by and between

~~NISKA~~ROCKPOINT GAS STORAGE PARTNERS ~~L.P.~~LP,
as the Borrower,

SWAN EQUITY AGGREGATOR LP,
as Administrative Agent,

and

The Lenders Party Hereto

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CREDIT AGREEMENT

This CREDIT AGREEMENT ("Agreement") ~~is~~was entered into as of December ~~21,~~22, 2016 by and between ~~NISKA~~ROCKPOINT GAS STORAGE PARTNERS ~~L.P.~~LP, a Delaware limited partnership (the "Borrower"), and SWAN EQUITY AGGREGATOR LP, an Ontario limited partnership, as the Administrative Agent, and each lender from time to time party hereto (collectively, the "Lenders" and individually, a "Lender")~~.~~ and amended as of February 14, 2018.

RECITALS

1. ~~The~~On the Closing Date, the Borrower ~~intends to repay~~repaid all indebtedness of the borrowers under that certain amended and restated credit agreement dated as of as of June 29, 2012 and amended as of February 29, 2016, and as further amended as of August 1, 2016, among Niska Gas Storage US, LLC, as US Borrower (as defined therein), AECO Gas Storage Partnership, as Canadian Borrower (as defined therein), Niska Gas Storage Partners L.P. as Holdings (as defined therein), Royal Bank of Canada, as administrative agent and collateral agent and the lenders from time to time party thereto (as the same may be amended, amended and restated, supplemented or modified prior to the Closing Date, the "Existing Credit Agreement"), ~~terminate~~terminated all commitments to extend credit thereunder and ~~release~~released and ~~discharge~~discharged all security and guarantees in respect thereof (the "Debt Refinancing").

2. ~~The~~On the Closing Date, the Borrower ~~has~~ requested that, substantially simultaneously with the consumption of the Debt Refinancing, (i) certain lenders extend credit to the Borrower and the other borrowers in the form of term loans on the Closing Date in an aggregate principal amount of up to $150.0 million pursuant to the Term Loan Agreement (as defined below), (ii) certain lenders extend credit to the Borrower and the other borrowers under the ABL Credit Agreement (as defined below) in accordance with their commitments thereunder from time to time on or after the Closing Date in an initial aggregate principal amount of up to $~~[300.0]~~230.0 million pursuant to the ABL Credit Agreement, and (iii) the Lenders extend credit to the Borrower in an aggregate principal amount of up to $100.0 million pursuant to this Agreement.

In consideration of the premises and the mutual covenants and agreements herein contained, and for other good and valuable consideration, the parties hereto agree as follows:

ARTICLE I.
DEFINITIONS AND ACCOUNTING TERMS

1.01 **Defined Terms**. As used in this Agreement, the following terms shall have the meanings set forth below:

"ABL Administrative Agent" means Royal Bank of Canada (and any successor) in its capacity as administrative agent and collateral agent under the ABL Credit Agreement.

"ABL Credit Agreement" means the ABL Credit Agreement, dated as of the Closing Date, among the Borrower, the other borrowers (if any) party thereto, the Parent Affiliates, the ABL Administrative Agent, the issuing banks and the lenders party thereto, as amended on March 30, 2017, and the Amendment No. 1 Effective Date and as further amended, restated, supplemented or otherwise modified from time to time.

"ABL Loan Documents" means the Loan Documents, as defined in the ABL Credit Agreement.

"Administrative Agent" means Swan Equity Aggregator LP, in its capacity as administrative agent under any of the Loan Documents, or any permitted successor administrative agent.

"Administrative Agent's Office" means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 10.02, or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

"Affiliate" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by or is under common Control with the Person specified.

"Agreement" means this Credit Agreement, as may be amended, supplemented, restated, increased, extended or otherwise modified from time to time in accordance with the terms herein.

"Amendment No. 1" means Amendment No. 1 to Credit Agreement, dated as of the Amendment No. 1 Effective Date, by and among the Borrower, the Administrative Agent and the Lender party thereto.

"Amendment No. 1 Effective Date" means the date on which all of the conditions precedent specified in Section 2 of Amendment No. 1 are satisfied or waived by the Administrative Agent in its sole discretion, which date is February 14, 2018.

"Anti-Terrorism Law" has the meaning specified in Section 5.21.

"Applicable Canadian Pension Legislation" means, at any time, any applicable Canadian federal or provincial pension benefits standards legislation, including all regulations made thereunder and all legally enforceable rules, regulations, rulings and interpretations made or issued by any Governmental Authority in Canada having or asserting jurisdiction in respect thereof, each as amended or replaced from time to time.

"Applicable Percentage" means, with respect to any Lender at any time, the percentage (carried out to the ninth decimal place) of the Total Commitments represented by such Lender's Commitment at such time. The initial Applicable Percentage of each Lender is set forth as its "Applicable Percentage" opposite the name of such Lender on Annex A or in the Assignment and Assumption Agreement pursuant to which such Lender becomes a party hereto, as applicable.

"Assignment and Assumption Agreement" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 10.06(b) hereof), and accepted by the Administrative Agent in a form approved by the Administrative Agent.

"Attributable Indebtedness" means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d- 3 and Rule 13d- 5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time (other than any right conditioned upon the occurrence of events or circumstances outside such person's control). The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"Borrower" has the meaning set forth in the preamble hereto.

"Borrowing" means the borrowing of a Loan under Section 2.01.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, New York, New York or Calgary, Alberta.

"Canadian Loan Parties" means each Subsidiary of the Borrower that (x) is organized under the laws of any jurisdiction in Canada and (y) is or is required to be a party to any Loan Document.

"Canadian Pension Plan" means any plan, program, agreement or arrangement that is a pension plan for the purposes of Applicable Canadian Pension Legislation which is maintained or contributed to, or to which there is or may be an obligation to contribute, by any Canadian Loan Party in respect of their respective employees in Canada, but excluding, for greater certainty, the Canada and Quebec Pension Plans.

"Capital Lease" means a lease with respect to which the lessee is required concurrently to recognize the acquisition of an asset and the incurrence of a liability in accordance with GAAP.

"Capital Lease Obligation" means, with respect to any Person and a Capital Lease, the amount of the obligation of such Person as the lessee under such Capital Lease which would, in accordance with GAAP, appear as a liability on a balance sheet of such Person as of the date of any determination thereof.

"CFC" means a Person that is a controlled foreign corporation under Section 957 of the Code; provided that no Restricted Affiliate as of the Closing Date shall constitute a CFC.

"Change of Control" means the occurrence of any one of the following events:

(i) the Borrower ceases to own, directly or indirectly, 100% of the outstanding Equity Interests of its Subsidiaries, other than in connection with a transaction permitted by Section 7.05 or 7.06 of this Agreement; or

(ii) Sponsor ceases to (i) have the right, directly or indirectly, by voting power, contract or otherwise to elect or designate for election at least a majority of the board of directors (or similar governing body) of each Parent Affiliate and/or (ii) own, directly or indirectly, 50.1% of the outstanding Voting Stock of each Parent Affiliate.

"Closing Date" means December ~~21,~~22, 2016.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means, with respect to any Lender, its obligation to make the Loans to the Borrower pursuant to Section 2.01(a) in an aggregate principal amount at any one time outstanding not to exceed the amount set forth as its "Commitment" opposite such Lender's name on Annex A or in the Assignment and Assumption Agreement pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

"Compliance Certificate" means a certificate substantially in the form of Exhibit C.

"Consolidated Tangible Assets" means, as to any Person, the aggregate amount of total assets included in such Person's most recent quarterly or annual consolidated balance sheet prepared in accordance with

GAAP (less applicable reserves reflected in such balance sheet) after deducting therefrom all goodwill, trademarks, patents, unamortized debt discount and expenses and any other like intangibles.

"Contractual Obligation" means, as to any Person, any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly (through one or more intermediaries), of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling", "Controlled by" and "under common Control with" have meanings correlative thereto.

"CPUC" shall mean the California Public Utilities Commission, and any successor agency.

"CPUC Approvals" shall mean the CPUC regulatory approvals requested by the ~~Borrowers~~Borrower or its Restricted Affiliates under Section 6.16.

"Debt Refinancing" has the meaning specified in the recitals hereto.

"Debtor Relief Laws" means the Bankruptcy Code of the United States, the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada), the Winding-Up and Restructuring Act (Canada) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States, Canada (or any province therein) or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Default Rate" [redacted]

"Disposition" means the sale, transfer, license, or other disposition (including any sale leaseback transaction) of any property by any Person, including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, and the terms "Dispose" and "Disposing" have corresponding meanings.

"Dollars", "US Dollars" or "$" means the lawful currency of the United States.

"Enforcement Action" shall mean, collectively or individually, any of the following: (a) to demand, sue for, take or receive from or on behalf of any Loan Party of any of the Obligations, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by any Loan Party with respect to the Obligations, (b) to initiate or participate with others in any suit, action or proceeding against any Loan Party to (i) enforce payment of or to collect the whole or any part of the Obligations, or (ii) commence judicial enforcement of any of the rights and remedies under the Loan Documents or applicable law with respect to the Obligations, (c) to accelerate any of the Obligations, or (d) to participate in any Insolvency Proceeding against, or with respect to any of the assets of, any Loan Party instituted by any creditor thereof or taking any action to institute, or joinder with other creditors of any Loan Party for the purpose of instituting, any Insolvency Proceeding against any Loan Party or of any portion of the assets of any Loan Party; and such term shall include the exercise of remedies provided for in Section 8.02.

"Environmental Laws" means any and all applicable federal, state, provincial, territorial, local, or foreign statutes, Laws (including common law), judgments, orders, decrees, concessions, grants, franchises,

licenses, certificates, entitlements, agreements or governmental authorizations or restrictions, or other legal requirement, regulating or prohibiting releases of materials into any part of the workplace or the environment, or pertaining to the protection or improvement of natural resources or wildlife, the environment or public and employee health and safety, or pollution or exposure to Hazardous Materials, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") (42 U.S.C. Section 9601 et seq.); the Hazardous Materials Transportation Act (49 U.S.C. Section 1801 et seq.); Protecting our Infrastructure of Pipelines and Enhancing Safety Act of 2016 (Pub. L. 114-183); the Natural Gas Pipeline Safety Act (49 U.S.C. Section 60,101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 et seq.); the Clean Water Act (33 U.S.C. Section 1251 et seq.); the Clean Air Act (42 U.S.C. Section 7401 et seq.), the Toxic Substances Control Act (15 U.S.C. Section 7401 et seq.), the Atomic Energy Act (42 U.S.C. Section 2014 et seq.); the Occupational Safety and Health Act (29 U.S.C. Section 651 et seq.) ("OSHA"); California's Health and Safety Code (Ca. Health and Safety D. 26, Ch. 6); California Regulations for Underground Gas Storage Projects (14 CCR 1724.9); Oklahoma Underground Storage Regulations (Okla. Admin. Code § 165:10-3-5); the Canadian Environmental Protection Act, 1999, the Navigation Protection Act, the Canadian Environmental Assessment Act, 2012, the Species at Risk Act, the Fisheries Act, the Hazardous Products Act, the Hazardous Materials Information Review Act, the Nuclear Safety and Control Act, the Transportation of Dangerous Goods Act, 1992, the Environmental Protection and Enhancement Act (Alberta), the Water Act (Alberta), the Dangerous Goods Transportation and Handling Act (Alberta), the Safety Codes Act (Alberta), the Occupational Health and Safety Act (Alberta), the Climate Change and Emissions Management Act (Alberta), the Oil and Gas Conservation Act (Alberta), the Energy Resources Conservation Act (Alberta), the Oil Sands Conservation Act, the Pipeline Act (Alberta), the Municipal Government Act (Alberta), the Forest and Prairie Protection Act (Alberta), Responsible Energy Development Act (Alberta) and the regulations promulgated pursuant thereto, and any other applicable foreign, state, provincial, or local statutes, and the regulations promulgated pursuant thereto.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs or expenses related to environmental studies, assessments and remediation, fines, penalties, indemnities or consulting or legal fees), of the Borrower, any other Loan Party or any of their respective Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment, recycling or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means, with respect to any Person, all of the shares of capital stock of (or other ownership or profit interests in) such Person, all of the warrants, options or other rights for the purchase or acquisition from such Person of shares of capital stock of (or other ownership or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership or profit interests in) such Person or warrants, rights or options for the purchase or acquisition from such Person of such shares (or such other interests), and all of the other ownership or profit interests in such Person (including partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are outstanding on any date of determination.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any trade or business (whether or not incorporated) under common control with any Loan Party within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

"ERISA Event" means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by any Loan Party or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by any Loan Party or any ERISA Affiliate from a Multiemployer Plan; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; (f) a determination that any Pension Plan is or is reasonably expected to be in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA), or is in "critical and declining" status (within the meaning of Section 305 of ERISA), or subject to the limitations of Section 436 of the Code; (g) the imposition of a Lien pursuant to Section 430(k) of the Internal Revenue Code or Section 303(k) of ERISA with respect to any Pension Plan; or (h) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon any Loan Party or any ERISA Affiliate.

"Event of Default" has the meaning specified in Section 8.01.

"Excluded Subsidiary" means (a) each Immaterial Subsidiary for so long as such Subsidiary remains an Immaterial Subsidiary, (b) each Subsidiary of the Borrower that is not a wholly-owned Subsidiary on any date such Subsidiary would otherwise be required to become a Guarantor pursuant to the requirements hereof (for so long as such Subsidiary remains a non-wholly-owned Subsidiary) ~~and~~, (c) each Subsidiary of the Borrower to the extent that (i) such Subsidiary is prohibited by any applicable Contractual Obligation or Laws from guaranteeing the Obligations, (ii) any Contractual Obligation prohibits such guarantee without the consent of the other party or (iii) a guarantee of the Obligations would give any other party to a Contractual Obligation the right to terminate its obligation thereunder and (d) each Subsidiary of BIF II Tres Palacios Aggregator (Delaware) LLC; provided that no guarantor of obligations under the ABL Credit Agreement or the ~~Term Loan Agreement~~Secured Senior Notes shall be an Excluded Subsidiary.

"Existing Credit Agreement" has the meaning specified in the recitals hereto.

"Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Loans at such time.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b)(1) of the Code and any intergovernmental agreements entered into in respect of the foregoing (together with any laws, regulations and official interpretations implementing such agreements).

"FCPA" has the meaning specified in Section 5.22.

"Fiscal Quarter" means any fiscal quarter of the Borrower and its Restricted Affiliates.

"Fiscal Year" means any fiscal year of the ~~Borrowers~~Borrower and their Restricted Affiliates ending March 31 or December 31, as applicable; provided that upon notice to the Administrative Agent, any Restricted Affiliates may elect to change their fiscal year end to March 31.

"FRB" means the Board of Governors of the Federal Reserve System of the United States.

"GAAP" means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or such other principles as may be approved by a significant segment of the accounting profession in the United States, that are applicable to the circumstances as of the date of determination, consistently applied; provided, however, that if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the Closing Date in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. At any time after the Closing Date, the Borrower~~, the Lodi Parties or Tres Palacios (each as to themselves and their Subsidiaries)~~ may elect to apply International Financial Reporting Standards ("IFRS") accounting principles in lieu of GAAP and, upon any such election, "GAAP" for the ~~Borrowers, the Lodi Parties or Tres Palacios (as applicable)~~Borrower shall mean generally accepted accounting principles pursuant to IFRS; provided, that any calculation or determination in this Agreement that requires the application of GAAP for periods that include fiscal quarters ended prior to any such election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP. The Borrower~~, the Lodi Parties or Tres Palacios (as applicable)~~ shall give written notice of any such election made in accordance with this definition to the Administrative Agent. For the avoidance of doubt, solely making an election (without any other action) referred to in this definition will not be treated as an incurrence of Indebtedness. Notwithstanding any other provision contained herein, (a) all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under FASB Accounting Standards Codification 825-Financial Instruments, or any successor thereto (including pursuant to the FASB Accounting Standards Codification), to value any Indebtedness of the Borrower or any Restricted Affiliate at "fair value," as defined therein and (b) the amount of any Indebtedness under GAAP or IFRS, as applicable, with respect to Capital Leases and Capital Lease Obligations shall be determined in accordance with the ~~definition of Capital Lease Obligations~~GAAP or IFRS, as applicable, as in effect as of the Closing Date.

"Governmental Authority" means the government of the United States, Canada or any other nation, or of any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantee" means, as to any Person, (a) any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation payable or performable by another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness or other obligation of the payment or performance of such Indebtedness or other obligation,

(iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness or other obligation of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of such Person securing any Indebtedness or other obligation of any other Person, whether or not such Indebtedness or other obligation is assumed by such Person (or any right, contingent or otherwise, of any holder of such Indebtedness to obtain any such Lien). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

"Guaranties" means the Guaranty Agreement and each other guaranty agreement made by a Loan Party in favor of the Administrative Agent, for the benefit of the Lenders, and "Guaranty" means any of the foregoing.

"Guarantors" means, collectively, any Loan Party that executes and delivers to the Administrative Agent a Guaranty (or an applicable supplement thereto) unless released from such Guaranty pursuant to the provisions hereof. For the avoidance of doubt, "Guarantors" hereunder shall include all Persons that are or are required to be "Guarantors" under the ABL Credit Agreement or the ~~Term Loan Agreement~~Secured Senior Notes (other than, for the avoidance of doubt, the Parent Affiliates).

"Guaranty Agreement" means a Guaranty made by the Loan Parties in favor of the Administrative Agent, for the benefit of the Lenders, substantially in the form of Exhibit B hereto.

"Hazardous Materials" means all explosive or radioactive substances, wastes or recyclables and all hazardous or toxic substances, wastes, recyclables or other pollutants, and all substances which, if released, may cause impairment of or damage to the environment, human health or safety or property, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances, wastes or recyclables of any nature regulated pursuant to any Environmental Law.

"Hedging Obligations" has the meaning ascribed to it in the ABL Credit Agreement on the Closing Date.

"Hydrocarbons" means crude oil, natural gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

"Immaterial Subsidiary" means, as at any date, any Subsidiary of the Borrower (other than AECO Gas Storage Partnership) designated as such by the Borrower in a certificate delivered by the Borrower to the Administrative Agent on the Closing Date or at any time thereafter (and which designation has not been rescinded in a subsequent certificate of the Borrower delivered to the Administrative Agent); provided that the aggregate assets of all such Subsidiaries so designated as at the end of and for any Fiscal Year may not exceed 5.0% of Consolidated Tangible Assets of the Borrower as reflected on the most recent financial statements delivered pursuant to Section 6.01(a).

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all direct or contingent obligations of such Person arising under letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments;

(c) net obligations of such Person under any Swap Contract;

(d) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business that are not unpaid for more than 60 days after the date on which such trade account payable was created);

(e) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(f) Capital Lease Obligations and Synthetic Lease Obligations; and

(g) all Guarantees of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless, and to the extent that, such Indebtedness is expressly made non-recourse to such Person. The amount of any net obligation under any Swap Contract on any date shall be deemed to be the Swap Termination Value thereof as of such date. The amount of any Capital Lease or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date.

"Indemnitee" has the meaning specified in Section 10.04(b).

"Information" has the meaning specified in Section 10.06(e).

"Insolvency Proceeding" shall mean, with respect to any Person, any involuntary or voluntary liquidation, dissolution, or any sale of all or substantially all of the assets in connection with any reorganization of such Person following a default, marshaling of assets or liabilities, receivership, conservatorship, assignment for the benefit of creditors, insolvency, bankruptcy, reorganization, arrangement or composition of such Person (whether or not pursuant to Debtor Relief Laws) and any other proceeding, whether voluntary or involuntary, under Debtor Relief Laws for the protection of debtors involving such Person or any of its assets.

"Interest Act (Canada)" means the Interest Act (Canada), including the regulations made and, from time to time, in force under that Act.

"Interest Payment Date" means (a) the last Business Day of each March, June, September and December and (b) the Maturity Date.

"Investment" means, as to any Person, any acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Equity Interests of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, or (c) the purchase or other acquisition (in one transaction or a series of transactions) of assets of another Person that constitute a business unit. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested,

without adjustment for subsequent increases or decreases in the value of such Investment, but shall be reduced by the amount of any returns on such Investment.

"IP Rights" has the meaning specified in Section 5.17.

"IRS" means the United States Internal Revenue Service.

"Judgment Interest Act (Alberta)" means the Judgment Interest Act (Alberta), including the regulations made and, from time to time, in force under that Act.

"Laws" means, collectively, all international, foreign, federal, state, provincial, territorial and local laws, statutes, treaties, rules, guidelines, directives, guides, bulletins, interpretations, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lender" has the meaning specified in the introductory paragraph hereto and includes the successors of each such party as Lenders hereunder pursuant to Section 10.06.

"Lending Office" means the office or offices as each Lender may from time to time notify the Borrower and the Administrative Agent.

"Lien" means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, floating charge or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever, whether arising under any Law or by contract (including any conditional sale or other title retention agreement, any easement, right of way or other encumbrance on title to real property, and any financing lease having substantially the same economic effect as any of the foregoing).

"Loan" means a term loan made pursuant to Section 2.01.

"Loan Documents" means this Agreement, the Note, the Guaranties, ~~the~~each Subordination Agreement, each amendment, supplement, joinder, modification, consent or waiver of, to or in respect of any of the foregoing entered into from time to time, and all other agreements and instruments at any time delivered in connection herewith or therewith.

"Loan Notice" means a notice of a Borrowing pursuant to Section 2.01, which shall be substantially in the form of Exhibit D.

"Loan Parties" means, collectively, the Borrower and each Subsidiary of the Borrower that is or is required to be a party to any Loan Document.

"Lodi Parties" means BIF II CalGas (Delaware) LLC and Lodi Gas Storage, L.L.C.

"Mark-to-Market" means the process of revaluing for trading purposes commodity contracts held by any Person, whether in respect of physical inventory, futures, forward exchanges, swaps or other derivatives, in each case relating to Natural Gas, and which contracts may have a fixed price, a floating price and fixed differential, or other pricing basis, to the current market prices for such contracts, and determining the gain or loss on such contracts, on an aggregate net trading basis for all such contracts of such Person, by comparing the original prices of such contracts to the market prices on the date of determination.

"Master Agreement" has the meaning set forth in the definition of "Swap Contract".

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties or financial condition of the Borrower and its Restricted Affiliates, taken as a whole; (b) a material impairment of the rights and remedies of the Administrative Agent or any Lender under any Loan Document; or (c) a material impairment of the ability of the Borrower and its Restricted Affiliates, taken as a whole, to perform their obligations under the Loan Documents; or (d) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Loan Document to which it is a party.

"Maturity Date" means the earlier to occur of (a) 180 days after the final maturity date of the ABL Credit Agreement and (b) the acceleration of the Loans during the continuance of an Event of Default in accordance with the terms hereof.

"Maximum Rate" has the meaning set forth in Section 10.08.

"Multiemployer Plan" means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Loan Party or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

"Narrative Report" means, with respect to the financial statements for which such narrative report is required ~~(i)~~ the "Management's Discussion and Analysis of ~~Financials~~Financial Condition and ~~Result~~Results of Operations" delivered to holders of the Secured Senior Notes under Section 4.03 of the Secured Senior Notes Indenture for the applicable period~~, and (ii) a supplemental summary report for the operations of the Lodi Parties and Tres Palacios (in detail and form reasonably acceptable to the Administrative Agent) for the applicable period~~.

"Natural Gas" means any mixture of hydrocarbons or hydrocarbons and noncombustible gases, in a gaseous state, consisting primarily of methane.

"Natural Gas Storage Facility" means any Natural Gas storage facility now or hereafter owned, leased or utilized by any Loan Party and operated by a Loan Party, other than the NGPL Facility; provided that, for the avoidance of doubt, the natural gas storage facilities owned by the Loan Parties and commonly known and described as Countess and Suffield shall each be deemed to be a separate Natural Gas Storage Facility.

"NGPL Facility" means the storage facilities owned or operated by Natural Gas Pipeline Company of America in respect of which the Loan Parties have rights to store Natural Gas pursuant to one or more contracts with Natural Gas Pipeline Company of America.

"Non-US Lender" means any Person acting as a Lender that is organized under the Laws of a jurisdiction other than the United States. For purposes of this definition, the United States, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

"Note" means a promissory note made by the Borrower in favor of a Lender evidencing the Loans made by such Lender hereunder, substantially in the form of Exhibit A.

"Obligations" means all advances to, and debts, liabilities, obligations and covenants of, any Loan Party arising under any Loan Document with respect to any Loan, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including without limitation, the Loans and interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws

naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding.

"OFAC" has the meaning specified in Section 5.23.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-US jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Connection Taxes" means, with respect to any recipient, Taxes imposed as a result of a present or former connection between such recipient and the jurisdiction imposing such Tax (other than connections arising from such recipient having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"Other Material Indebtedness" means any Indebtedness of a Loan Party the outstanding unpaid principal amount of which exceeds $25,000,000.

"Other Taxes" means all present or future stamp or documentary intangible, recording, filing or similar Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, from the receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment.

"Parent Affiliates" has the meaning ascribed to it in the ABL Credit Agreement.

"Participant" has the meaning specified in Section 10.06(b).

"Patriot Act" means The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law on October 26, 2001)), as amended or modified from time to time.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Loan Party or any ERISA Affiliate or to which any Loan Party or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

"Permits and Authorizations" means all permits, licenses, approvals, certificates, entitlements, exemptions and other authorizations issued by Governmental Authorities, including those required under Environmental Laws, certificates of occupancy, those permits required in connection with the ownership and operation of the Loan Parties' respective businesses (including all Natural Gas Storage Facilities and

applicable pipelines), and all amendments, modifications, consolidations, replacements, supplements, general and specific terms and conditions and addenda thereto.

"Permitted Business" means either (a) purchasing, gathering, transporting, marketing, selling, distributing, storing or otherwise handling or providing services relating to Hydrocarbons or activities or services reasonably related or ancillary thereto, including entering into Hedging Obligations to support these businesses or (b) or any other activity consistent with the Risk Management Policy.

"Permitted Discretion" means a determination made in good faith and in the exercise of commercially reasonable business judgment.

"Person" means any natural person, corporation (including an unlimited liability corporation), limited liability company, trust, joint venture, association, company, partnership (limited or general), Governmental Authority or other entity.

"Plan" means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by the Borrower, or, with respect to any such plan that is subject to Section 412 of the Code or Title IV of ERISA, any ERISA Affiliate.

"Position" means (a) any physically owned Natural Gas constituting inventory, (b) any obligation to purchase or sell Natural Gas constituting inventory, however evidenced, whether for the then current or forward time, (c) any exchange or over-the-counter put, call or other options or any forward or futures contract relating to Natural Gas that constitutes inventory, (d) any type of Swap Contract relating to Natural Gas constituting inventory and (e) any other arrangement relating to Natural Gas constituting inventory that has price or spread risk.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, trustees, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

"Release" means any release, seepage, spill, emission, leak, escape, pumping, injection, deposit, disposal, discharge, dispersal, leaching, dumping or migration into the environment, including the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or sub-surface strata.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30 day notice period has been waived.

"Required Lenders" means, as of any date of determination, Lenders holding more than 50% of the sum of the aggregate Outstanding Amount of all Loans as of the Closing Date (it being understood that in any event, if there is more than one Lender, Required Lenders must comprise at least two Lenders).

"Responsible Officer" means with respect to any Loan Party, the chief executive officer, president, a vice president, chief financial officer, treasurer or assistant treasurer of such Loan Party (or, if such Loan Party is managed by a third party, such as a general partner, manager or managing member, the persons performing comparable roles). Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party (a) shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party (or, if such Loan Party is a general partnership, on the part of such Loan Party's general partner), (b) such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party (or, if such Loan Party is a limited partnership, on behalf of such Loan Party's general partner) and (c) such Responsible Officer shall be conclusively presumed to have acted in his or her capacity as an officer of such Loan Party (or, if such

Loan Party is limited partnership, as an officer of such Loan Party's general partner), and not in his or her individual capacity.

"Restricted Affiliates" means the Lodi Parties, Tres Palacios Parties and all Subsidiaries of the Borrower; provided that (a) upon any Tres Palacios Disposition, any Tres Palacios Party subject to such Disposition shall not be a Restricted Affiliate, and (b) upon the designation of any Tres Palacios Party as an Unrestricted Subsidiary, any Tres Palacios Party subject to such designation shall not be a Restricted Affiliate.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any capital stock or other Equity Interest of any Loan Party or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such capital stock or other Equity Interest, or on account of any return of capital to any Loan Party's or any Subsidiary's stockholders, partners or members (or the equivalent of any thereof).

"Risk Management Policy" means the Risk Management Policy, which has been adopted by the Loan Parties on or prior to the Closing Date, as such policy may be amended, supplemented or otherwise modified from time to time by the Loan Parties to the extent consistent with customary industry practice.

"Secured Senior Notes" means the 7.000% senior secured notes due 2023 with an original principal amount of $400,000,000 issued by Rockpoint Gas Storage Canada Ltd.

"Secured Senior Notes Documents" means, collectively, the Secured Senior Notes Indenture, any supplemental indentures relating thereto, the Secured Senior Notes and any other agreement or document related thereto.

"Secured Senior Notes Indenture" means the Indenture dated February 14, 2018 (as the same may be amended, amended and restated, supplemented or modified from time to time).

"Secured Senior Notes Trustee" means The Bank of New York Mellon.

"Senior Notes" means the 6.50% senior unsecured notes due 2019 with an original principal amount of $575,000,000 ~~(of which $216,859,952.56 remains outstanding on the Closing Date)~~ issued by Niska Gas Storage Finance Corp. and Niska Gas Storage Ltd. (formerly known as Niska Gas Storage Canada ULC), ~~and any notes issued in exchange therefor~~which have been satisfied and discharged as of the Amendment No. 1 Effective Date.

"Senior Notes Documents" means, collectively, the Senior Notes Indenture, any supplemental indentures relating thereto, the Senior Notes and any other agreement or document related thereto, which have been satisfied and discharged as of the Amendment No. 1 Effective Date.

"Senior Notes Indenture" means the Indenture dated March 17, 2014 (as the same may be amended, amended and restated, supplemented or modified from time to time)~~.~~ , which has been satisfied and discharged as of the Amendment No. 1 Effective Date.

"Solvent" and "Solvency" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they

mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Sponsor" means Brookfield Asset Management, Inc. and any of its Affiliates.

"Subordinated Canco Note" means the promissory note in original principal amount of $355,774,000, dated September 30, 2016, between Rockpoint Gas Storage Canada Ltd. (formerly Niska Gas Storage Ltd. ~~and~~) and Rockpoint Gas Storage Canada Finance Corp. (formerly Niska Gas Storage Canada Finance Corp.), as makers, and Swan Debt LP and BIP BIF II Swan AIV LP, as holders.

"Subordinated Canco Note Guaranty" means the Guaranty Agreement, dated September 30, 2016, among the Borrower, certain subsidiaries of the Borrower, Swan Debt LP and BIP BIF II Swan AIV LP in respect of the Subordinated Canco Note.

"Subordinated Debt" means Indebtedness expressly subordinated in right of payment to the Obligations (other than intercompany Indebtedness) on terms and pursuant to agreements reasonably acceptable and satisfactory to the Administrative Agent.

"Subordinated Notes" means (i) the Subordinated Canco Note and (ii) the Subordinated Parent Note.

"Subordinated Notes Agreement" means the Subordination and Postponement Agreement, dated September 30, 2016, among Borrower, Rockpoint Gas Storage Canada Ltd. (formerly Niska Gas Storage Ltd. ~~,~~), Rockpoint Gas Storage Canada Finance Corp. (formerly Niska Gas Storage Canada Finance Corp.), Swan Debt LP, BIP BIF II Swan AIV LP and Swan Finance LP.

"Subordinated Notes Documents" means the Subordinated Notes, the Subordinated Notes Agreement, the Subordinated Notes Guarantees, the Subordinated Notes Exchange Agreement, the Subordinated Notes Acknowledgment and any other agreement or document related to the foregoing.

"Subordinated Notes Exchange Agreement" means the Exchange Agreement, dated as of September 30, 2016, among Borrower, Rockpoint Gas Storage Canada Ltd. (formerly Niska Gas Storage Ltd ~~and~~.) and Rockpoint Gas Storage Canada Finance Corp. (formerly Niska Gas Storage Canada Finance Corp.), Swan Debt LP, BIP BIF II Swan AIV LP and Swan Finance LP.

"Subordinated Notes Guarantees" means the Subordinated Parent Note Guaranty and the Subordinated Canco Note Guaranty.

"Subordinated Parent Note" means the promissory note in original principal amount of $49,303,567.78, dated September 30, 2016, between the Borrower as maker, and Swan Finance LP, as holder.

"Subordinated Parent Note Guaranty" means the Guaranty Agreement, date September 30, 2016, between certain subsidiaries of the Borrower and Swan Finance LP in respect of the Subordinated Parent Note.

"Subordination ~~Agreement~~Agreements" means (i)the Subordination and Postponement Agreement, dated as of the ~~date hereof, between~~Closing Date, among the Borrower, the guarantors party thereto and the Administrative Agent~~.~~ as amended on the Amendment No. 1 Effective Date and as further amended, restated, supplemented or otherwise modified from time to time and (ii) the Standstill and Intercreditor Agreement, dated as of the Amendment No. 1 Effective Date, among the Borrower, the guarantors party

thereto, the Administrative Agent, the ABL Administrative Agent and the Secured Senior Notes Trustee, as amended, restated, supplemented or otherwise modified from time to time.

"Subsidiary" of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower. "Swap Contract" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, commodity futures contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any international foreign exchange master agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

"Swap Termination Value" means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s), and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the Mark-to-Market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts.

"Synthetic Lease Obligation" means the monetary obligation of a Person under a so-called synthetic, off balance sheet or tax retention lease.

"Tax Returns" has the meaning set forth in Section 5.11(a).

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments or similar charges in the nature of a tax, including Canada Pension Plan, Quebec Pension Plan, Canadian Pension Plan and provincial pension plan contributions, unemployment insurance payments and workers' compensation premiums, in each case together with any installments or estimated payments with respect thereto, and any interest, additions to tax and penalties with respect thereto.

"Term Loan Administrative Agent" means Bank of Montreal (and any successor) in its capacity as administrative agent and collateral agent under the Term Loan Agreement.

"Term Loan Agreement" means that certain Term Loan Credit Agreement, dated as of the Closing Date, among AECO Gas Storage Partnership, the Borrower, the Parent Affiliates, the Term Loan Administrative Agent and the lenders party thereto, which is no longer in effect as of the Amendment No. 1 Effective Date.

"Term Loan Documents" means the Loan Documents, as defined in the Term Loan Agreement, which are no longer in effect as of the Amendment No. 1 Effective Date.

"Total Commitment" means the aggregate commitment of the Lenders to make the Loans, which aggregate commitment shall be $100,000,000.00.

"Tres Palacios Disposition" means ~~BIF II Tres Palacios Aggregator (Delaware) LLC.~~ , with respect to any Tres Palacios Entity, the Disposition of the equity, or all or substantially all of the assets of, such Tres Palacios Entity.

"Tres Palacios Entities" means BIF II Tres Palacios Aggregator (Delaware) LLC, Tres Palacios Holdings LLC and their Subsidiaries, collectively.

"Tres Palacios Parties" means BIF II Tres Palacios Aggregator (Delaware) LLC, BIF II Tres Palacios Storage (Delaware) LLC and BIF II Tres Palacios Storage Sub (Delaware) LLC.

"Unfunded Pension Liability" means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

"United States" and "U.S." mean the United States of America.

"Unrestricted Subsidiary" has the meaning given such term in the Secured Senior Notes Documents.

"Voting Stock" of any specified Person as of any date, means the Equity Interests of such Person that is at the time entitled to vote in the election of the board of directors or any similar governing body of such Person.

1.02 **Other Interpretive Provisions**. With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document (including any Organization Document) shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Loan Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used in any Loan Document, shall be construed to refer to such Loan Document in its entirety and not to any particular provision thereof, (iv) all references in a Loan Document to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, the Loan Document in which such references appear, (v) any reference to any law shall include all statutory and regulatory provisions

consolidating, amending, replacing or interpreting such law and any reference to any law or regulation shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including".

(c) Section headings, subheadings and captions herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 **Accounting Terms**. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, except as otherwise specifically prescribed herein.

1.04 **Times of Day**. Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.05 **References to Agreements and Laws**. Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are permitted by any Loan Document and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.06 **Timing of Payment or Performance**. When the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day.

ARTICLE II.
THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 **Loans**. Subject to the terms and conditions set forth herein, each Lender agrees to make loans to the Borrower, denominated in Dollars, from time to time on any Business Day prior to the Maturity Date, in a principal amount that will not result in (i) such Lender's Exposure exceeding such Lender's Commitment, or (ii) the aggregate principal amount of the Loans (excluding principal representing interest that has been capitalized and added to the principal amount of the Loans outstanding in accordance with the terms of Section 2.05(d) hereof) outstanding exceeding the Total Commitment. Within the foregoing limits and subject to the other terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Loans.

2.02 **Borrowings**.

(a) Notice of Borrowing. Each Borrowing shall be made upon the Borrower's written notice to the Administrative Agent. Each such notice must be received by the Administrative

Agent not later than 1:00 p.m. five Business Days prior to the requested date of any Borrowing. Each Borrowing shall be in a principal amount of $5,000,000 or a whole multiple of $1,000,000 in excess thereof. Each Loan Notice shall specify (i) the requested date of the Borrowing (which shall be a Business Day), (ii) the principal amount of Loan to be borrowed and (iii) wire instructions for the funding of the Loan.

(b) Funding of Loans. Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Applicable Percentage of the Loans and each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 4.02, the Administrative Agent shall make funds available to the Borrower by wire transfer of such funds in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower.

2.03 **Prepayments**.

(a) Optional Prepayments. The Borrower may, upon five Business Days' prior written notice to the Administrative Agent, from time to time voluntarily prepay Loans made to it in whole or in part, without premium or penalty, provided that partial prepayments shall be in an amount that is not less than $1,000,000. The Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(b) General Provisions Relating to Prepayments. Each prepayment of the Loans under Section 2.03(a) shall be accompanied by all interest then accrued and unpaid (excluding, for the avoidance of doubt, interest capitalized and added to the principal amount of the Loans outstanding in accordance with Section 2.05(d)) on the principal so prepaid. Any principal or interest prepaid pursuant to this Section shall be in addition to, and not in lieu of, all payments otherwise required to be paid under the Loan Documents at the time of such prepayment.

2.04 **Repayment of Loans**. The Borrower shall repay on the Maturity Date the aggregate principal amount of the Loans outstanding on such date.

2.05 **Interest**.

(a) Rate of Interest [redacted]

(b) Increased Rate of Interest in Certain Circumstances. So long as an Event of Default has occurred and is continuing, the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at an interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(c) Interest on Past Due Amounts. Accrued and unpaid interest on past due amounts (including interest on past due interest) shall be due and payable upon demand.

(d) Payment of Interest; Election to Pay Interest In Kind. Interest on each Loan shall be due and payable in arrears on each Interest Payment Date. At the election of the Borrower, interest on each Loan may be paid in kind on each Interest Payment Date by capitalizing and adding the accrued interest on such Interest Payment Date to the principal amount of the Loans outstanding after which time

such amount shall constitute principal owing hereunder and shall accrue interest in accordance with the terms hereof. The Borrower will notify the Administrative Agent in writing of its election to pay interest in kind as provided in the immediately preceding sentence not less than five Business Days prior to the applicable Interest Payment Date. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any Insolvency Proceeding. The covenant to pay interest at the rate provided hereunder shall not merge in any judgment relating to the Obligations.

(e) Computation of Interest. All computation of interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Whenever a rate of interest or other rate per annum hereunder is expressed or calculated on the basis of a year (the "deemed year") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or other rate shall be expressed as a yearly rate for purposes of the Interest Act (Canada) by multiplying such rate of interest or other rate by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year. Whenever a rate of interest or other rate per annum hereunder is expressed or calculated on the basis of a year of 360 days, such rate of interest or other rate shall be expressed, for purposes of the Interest Act (Canada), as a rate per annum, calculated on the basis of a 365 day year, by multiplying such rate of interest or other rate by 365 and dividing it by 360. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made, shall, subject to Section 2.07(a), bear interest for one day. Each determination by the Administrative Agent of an interest rate hereunder shall be conclusively correct and binding for all purposes, absent manifest error.

2.06 **Evidence of Debt**. The Loans made hereunder shall be evidenced by one or more accounts or records maintained by such Lender and the Administrative Agent in the ordinary course of business in accordance with its usual practice. The accounts or records maintained by the Administrative Agent and each Lender shall be presumed correct, absent manifest error, with respect to the amount of the Loans made by the applicable Lenders and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. The Borrower shall execute and deliver to each Lender a Note which shall evidence such Lender's Loans, in addition to such accounts or records. Each Lender may attach schedules to the Note and endorse thereon the date, amount and maturity of the Loans and payments with respect thereto.

2.07 **Payments Generally; Administrative Agent's Clawback**.

(a) General. All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or set-off. All payments of principal and interest on each Loan shall be made in Dollars. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at 250 Vesey Street, 15th Floor, New York, NY 10281-1023, and in immediately available funds not later than 1:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Applicable Percentage (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender. All payments received by the Administrative Agent after 1:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest shall continue to accrue. If any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following Business Day, and such extension of time shall be reflected in computing interest.

(b) Failure to Satisfy Conditions Precedent. If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II, and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Loans set forth in Section 4.02 are not satisfied or waived in accordance with the terms hereof, the Administrative Agent shall return such funds (in like funds as received from such Lender) to such Lender, without interest.

(c) Obligations of Lenders Several. The obligations of the Lenders hereunder to make Loans are several and not joint. The failure of any Lender to make any Loan on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan.

(d) Funding Source. Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

(e) Currency Indemnity. If a payment relative to any of the Obligations is made to the Administrative Agent or any Lender in a currency (the "Other Currency") other than the currency in which such Obligation is denominated (the "Obligation Currency"), whether voluntarily or pursuant to an order of judgment of a court or tribunal of any jurisdiction, such payment will, to the extent permitted by applicable Law, constitute a discharge of the liability in respect of such Obligation only to the extent of the amount of Obligation Currency which the Administrative Agent or such Lender purchases with the amount received at the designated place of payment, such purchase to be at such time as the Administrative Agent or such Lender may reasonably elect, but in any event within three Business Days after receipt of such payment. If the amount of Obligation Currency able to be purchased is less than the amount of Obligation Currency originally due to the Administrative Agent or such Lender in respect to the relevant Obligation, the Borrower will indemnify and save the Administrative Agent or such Lender harmless from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained herein, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Administrative Agent or any Lender and will continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

2.08 **Sharing of Payments by Lenders**. If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of the Loans made by it, resulting in such Lender's receiving payment of a proportion of the aggregate amount of such Loans and accrued interest thereon or fees with respect thereto greater than its pro rata share thereof as provided herein, then the Lender receiving such greater proportion shall (a) notify the Administrative Agent of such fact, and (b) purchase (for cash at face value) participations in the Loans of the other applicable Lenders, or make such other adjustments as shall be equitable, so that the benefit of all such payments shall be shared by the applicable Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and other amounts owing them, provided that:

(a) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest;

(b) the provisions of this Section 2.08 shall not be construed to apply to (i) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement, (ii) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in

any of its Loans to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this Section shall apply) or (iii) any payment received by any Lender pursuant to Section 9.10; and

(c) if any Lender shall exercise a right of set-off or counterclaim with respect to any asset that could be subject to an Enforcement Action and distributed pursuant to Section 9.10 if realized on as a result thereof, the benefit of any payment received as a result of such set-off or counterclaim shall be shared by the Lenders pursuant to this Section 2.08 ratably in accordance with the respective distributions in respect of realizing on such asset to which the Lenders would have been entitled if such asset had been realized on pursuant to an Enforcement Action and the proceeds of such realization distributed pursuant to Section 9.10.

Each Loan Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against such Loan Party rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Loan Party in the amount of such participation.

ARTICLE III.
TAXES AND YIELD PROTECTION

3.01 **Taxes**.

(a) Payments Free of Taxes. Any and all payments by or on account of any obligation of the Loan Parties hereunder or under any other Loan Document shall be made free and clear of and without deduction or withholding for any Taxes except as required by applicable Law. If applicable Law (as determined in the good faith discretion of the applicable withholding agent) requires the deduction or withholding of any Tax from such payments, then (i) the applicable withholding agent shall make such deductions and withholdings, and (ii) the applicable withholding agent shall timely pay the full amount deducted and withheld to the relevant Governmental Authority or its agent in accordance with applicable Law.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable Law.

(c) Evidence of Payments. Within 30 days after the date of any payment of any Taxes by a Loan Party to a Governmental Authority pursuant to this Section 3.01, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment (to the extent such a receipt is issued), a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Status of Lenders.

(i) Each Lender shall deliver to the Borrower and the Administrative Agent on or prior to the date on which such Lender becomes a Lender under this Agreement (in such number of copies as shall be requested by the recipient provided that each Lender shall deliver at least one of such applicable forms) the applicable forms specified in subsections (A), (B), (C), (D), (E), (F) and (G) of this Section 3.01(d)(i) and from time to time upon the reasonable request of the Borrower and the Administrative Agent, but only if the Lender is legally entitled to do so:

(A) duly completed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E or any successor form claiming eligibility for benefits of an income tax treaty to which the United States is a party;

(B) duly completed copies of Internal Revenue Service Form W-8ECI or any successor form claiming exemption from U.S. federal withholding tax because the applicable income is effectively connected with a U.S. trade or business;

(C) in the case a Lender is a Non-US Lender claiming exemption under Section 871(h) or 881(c) of the Code, duly completed copies of Internal Revenue Service Form W-8BEN or W-8BEN-E or any successor form and a certificate substantially in the form of Exhibit F-1 to the effect that such Non-US Lender is a not a "bank" within the meaning of Section 881(c)(3)(A) of the Code, a "10-percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code or a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code (a U.S. Tax Compliance Certificate);

(D) duly executed copies of CRA form NR-301, NR-302 or NR-303 or any successor forms, as applicable;

(E) duly completed copies of Internal Revenue Service Form W-9 or any successor form certifying such Lender is exempt from U.S. backup withholding;

(F) to the extent a Non-US Lender is not the beneficial owner, duly completed copies of Internal Revenue Service Form W-8IMY, accompanied by Form W-8ECI, Form W-8BEN or W-8BEN-E (or any successor form(s)), a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-2 or Exhibit F-3, Internal Revenue Service Form W-9 (or any successor form), and/or other certification documents from each beneficial owner, as applicable; provided that if the Non-US Lender is a partnership and one or more direct or indirect partners of such Non-US Lender are claiming the portfolio interest exemption, such Non-US Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit F-4 on behalf of each such direct and indirect partner; and

(G) any other form prescribed by applicable Law as a basis for claiming exemption from or a reduction in United States Federal withholding tax or any other applicable withholding tax duly completed together with such supplementary documentation as may be prescribed by applicable Law to permit the Borrower to determine the withholding or deduction required to be made.

(ii) If a payment made to a Lender under any Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Borrower at the time or times prescribed by law and at such time or times reasonably requested by the Borrower such documentation prescribed by applicable Law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower as may be necessary for the Borrower to comply with their obligations under FATCA and to determine that such

Lender has complied with such Lender's obligations under FATCA or to determine the amount to deduct and withhold from such payment. Solely for purposes of this clause (ii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(iii) [Reserved].

(iv) In addition, if requested by the Borrower or the Administrative Agent, each Lender shall promptly deliver such other documentation prescribed by applicable Law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not the Lender is subject to any other exemption from or reduction of withholding tax with respect to payments hereunder or under any other Loan Document, or subject to backup withholding or information reporting requirements. Furthermore, each Lender agrees that if any form or certification it previously delivered pursuant to this Section 3.01(d) expires or becomes obsolete or inaccurate in any respect, it shall update such form or certification or promptly notify the Borrower in writing of its legal inability to do so.

(e) Defined terms. For purposes of this Section 3.01, the term "applicable Law" includes FATCA.

3.02 **Survival.** All of the obligations of the Borrower under this Article III shall survive termination of the Total Commitment and repayment of all Obligations hereunder.

ARTICLE IV.
CONDITIONS PRECEDENT TO THIS AGREEMENT AND CREDIT EXTENSIONS

4.01 **Conditions of Agreement.** The effectiveness of this Agreement on the Closing Date is subject to satisfaction or waiver of the following conditions precedent:

(a) The Administrative Agent's receipt of the following, each of which shall be originals or telecopies unless otherwise specified, each properly executed by a Responsible Officer of the signing Loan Party unless otherwise specified, each dated the Closing Date (or, in the case of certificates of governmental officials, a recent date before the Closing Date) and each in form and substance reasonably satisfactory to the Administrative Agent:

(i) executed counterparts of (A) this Agreement from each party hereto, (B) the Note and (C) each of the Guaranties from each Person required to be a Guarantor under the ABL Credit Agreement (other than the Parent Affiliates), in each case, in form and substance reasonably satisfactory to the Administrative Agent;

(ii) for each of the Loan Parties:

(A) a copy of such Loan Party's Organization Documents, as amended up to and including the Closing Date, (1) certified (to the extent such certification can be obtained) as of a recent date prior to the Closing Date by the applicable Governmental Authority of such Loan Party's jurisdiction of incorporation, organization or formation, and (2) certified as of the Closing Date by the secretary or assistant secretary of such Loan Party or a Responsible Officer of such Loan Party as being in full force and effect without further modification or amendment;

(B) a good standing certificate or certificate of status from the applicable Governmental Authority of such Loan Party's jurisdiction of incorporation, organization or formation, each dated a recent date prior to the Closing Date;

(C) signature and incumbency certificates of the officers of such Loan Party executing the Loan Documents to which it is a party, dated as of the Closing Date; and

(D) duly adopted resolutions of the board of directors or similar governing body of such Loan Party approving and authorizing the execution, delivery and performance of this Agreement and the other Loan Documents to which it is a party or by which it or its assets may be bound, certified as of the Closing Date by the secretary or assistant secretary of such Loan Party or a Responsible Officer of such Loan Party, as being in full force and effect without modification or amendment;

(iii) [Reserved];

(iv) [Reserved]; and

(v) a certificate signed by a Responsible Officer of the Borrower (it being understood that, with respect to such person executing such certificate as a Responsible Officer, such certificate is provided in such person's capacity as an officer of the Borrower and not in such person's individual capacity):

(A) certifying that, since March 31, 2016, no event has occurred that has had or could reasonably be expected to have a Material Adverse Effect;

(B) certifying that the representations and warranties of the Borrower and each other Loan Party contained in Article V or any other Loan Document are true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) on and as of the Closing Date, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date;

(C) certifying that no Default or Event of Default has occurred and is continuing; and

(D) certifying that, as of the Closing Date, there is no action, suit, investigation or proceeding pending or, to the knowledge of the Borrower, threatened in any court or before any arbitrator or Governmental Authority that could reasonably be expected to have a Material Adverse Effect;

(E) certifying as to Section 4.01(b); and

(vi) a certificate of a Responsible Officer of the Borrower (it being understood that, with respect to the person executing such certificate as a Responsible Officer of Borrower, such certificate is provided in such person's capacity as an officer of the Borrower, and not in such person's individual capacity), substantially in the form

of Exhibit E, attesting to the Solvency of each Loan Party, on a combined basis, as of the Closing Date.

(b) The Debt Refinancing shall have been consummated or shall concurrently be consummated as of the Closing Date. After giving effect to the Debt Refinancing and the transactions contemplated hereby, the Loan Parties shall not have any outstanding Indebtedness other than (A) the Obligations and (B) Indebtedness permitted by Section 7.03.

(c) The Administrative Agent shall have received all documentation and other information required by any Governmental Authority under any applicable "know your customer" and anti-money laundering rules and regulations, including without limitation, the Patriot Act.

(d) The Borrower shall have paid all fees, charges and disbursements of not more than one US and one Canadian counsel to the Administrative Agent (directly to such counsel if requested by the Administrative Agent), plus such additional amounts of such fees, charges and disbursements as shall constitute its reasonable estimate of such fees, charges and disbursements incurred or to be incurred by it through the closing proceedings (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent), in each case, to the extent estimated or invoiced at least one (1) Business Day prior to the Closing Date.

4.02 **Conditions to all Loans.** The obligation of the Administrative Agent and the Lenders to honor any Loan Notice is subject to the following conditions precedent:

(a) The representations and warranties of the Borrower and each other Loan Party contained in Article V or any other Loan Document shall be true and correct in all material respects (without duplication of any materiality qualifier contained in such representations and warranties) on and as of the date of such Loan, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date.

(b) No Default or Event of Default shall exist, or would result from such proposed Borrowing or from the application of the proceeds thereof.

(c) The Administrative Agent shall have received a Loan Notice in accordance with the requirements hereof.

Each Loan Notice submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 4.02(a) and (b) have been satisfied on and as of the date of such Loan.

ARTICLE V.
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and the Lenders that:

5.01 **Existence, Qualification and Power.** Each Loan Party (a) is duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, (c) is duly qualified and is licensed and, to the extent such concept is applicable in such jurisdiction, in good standing, under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, and (d) is in

compliance with all applicable Laws; except in each case referred to in clause (b)(i), (c) or (d) to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.02 **Authorization; No Contravention.** The execution, delivery and performance by each Loan Party of each Loan Document to which such Person is party, have been duly authorized by all necessary corporate or other organizational action, and do not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries, or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law, except in each case referred to in clause (b) or (c), to the extent such violations could not reasonably be expected to have a Material Adverse Effect.

5.03 **Governmental Authorization; Other Consents.** No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with (a) the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document, or (b) to the best of the Loan Parties' knowledge, the exercise by the Administrative Agent or any Lender of its rights under the Loan Documents (other than, in each case, as contemplated by the Loan Documents), except for (i) those that have been obtained, taken, given or made prior to the Closing Date and are in full force and effect, (ii) those filings required after the Closing Date or the Amendment No. 1 Effective Date, as applicable, pursuant to the requirements of Section 6.16, (iii) those required in the ordinary course of business of the Loan Parties in order to comply with the requirements of applicable Law (provided that, to the extent non-compliance could reasonably be expected to result in a Material Adverse Effect, they will be obtained by the times required by applicable Law), and (iv) to the extent that non-compliance could not reasonably be expected to result in a Material Adverse Effect.

5.04 **Binding Effect.** This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of such Loan Party, enforceable against each Loan Party that is party thereto in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other Laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5.05 **Financial Statements; No Material Adverse Effect**.

(a) Since March 31, ~~2016,~~2017, there has been no event or circumstance either individually or in the aggregate that has had or could reasonably be expected to have a Material Adverse Effect.

(b) The most recent financial statements furnished pursuant to Section 6.01(a)~~,~~ and Section 6.01(b)~~ and (iii) Section 6.01(c)~~, in each case, were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein, and fairly present in all material respects the financial condition of the Borrower~~ and its~~, BIF II CalGas (Delaware) LLC, BIF II Tres Palacios Aggregator (Delaware) LLC and their respective Subsidiaries in each case, as of the date thereof and their results of operations for the period covered thereby, subject~~, in the case of clause (ii) and (iii),~~ to the absence of footnotes and to normal year-end audit adjustments.

5.06 **Litigation.** Except as set forth on Schedule 5.06, there are no investigations, actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrower, threatened or

contemplated, at law, in equity, in arbitration or before any Governmental Authority, against any Loan Party or against any of the Loan Parties' properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or (b) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect.

5.07 **No Default.** No Default has occurred and is continuing or would result from the consummation of the transactions contemplated by this Agreement or any other Loan Document.

5.08 **Ownership of Property; Liens.** Each Loan Party has good record (or registered) title in fee simple to, or valid leasehold interests in, or holds other valid rights pursuant to access agreements, petroleum and natural gas leases, trust agreements or other agreements, to, all real property necessary or used in the ordinary conduct of its business, except (a) any deficiency in such rights existing at the time such property was acquired or any other deficiency that would not reasonably be expected to have a Material Adverse Effect and (b) Liens permitted by Section 7.01.

5.09 **Environmental Compliance.** Each Loan Party conducts, from and after the Closing Date, in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on its respective businesses, operations and properties, and as a result thereof the Borrower has reasonably concluded that such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.10 **Insurance.** The properties of each Loan Party are insured with financially sound and reputable insurance companies not Affiliates of any Loan Party, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the applicable Loan Party operates.

5.11 **Taxes.** (a) Each Loan Party has filed all federal and other material tax returns and reports required to be filed (collectively, the "Tax Returns"); all such Tax Returns are true, correct and complete in all material respects; and all material Taxes, charges and other impositions reflected therein or otherwise due and payable have been paid prior to the date on which any fine, penalty, interest, late charge or loss may be added thereto for non-payment thereof, except where contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP.

(b) Except as could not reasonably be expected to have a Material Adverse Effect, (i) no adjustment or penalty relating to any Tax Return has been proposed formally or informally by any Governmental Authority and, to the knowledge of each Loan Party, no basis exists for any such adjustment, (ii) except as set forth on Schedule 5.11, no Tax Return is under audit or examination by any Governmental Authority and no written notice of such an audit or examination or any assertion of any claim for Taxes has been given or made by any Government Authority, (iii) proper and accurate amounts have been withheld by each Loan Party from their respective employees for all periods in full and complete compliance with the tax, social security and unemployment withholding provisions of the applicable Governmental Authority and such withholdings have been timely paid to the respective Governmental Authorities.

(c) Except as could not reasonably be expected to have a Material Adverse Effect, no Loan Party has (i) executed or filed with the IRS, the Canada Revenue Agency or any other Governmental Authority any agreement or other document extending, or having the effect of extending, the period for the filing of any Tax Return or the assessment or collection of any Taxes, or (ii) incurred any obligation under any tax sharing agreement or arrangement.

5.12 **ERISA and Pension Plan Compliance**.

(a) Except as could not reasonably be expected to have a Material Adverse Effect, each Plan is in compliance with the applicable provisions of ERISA, the Code and other federal or state Laws. Except as could not reasonably be expected to have a Material Adverse Effect, each Plan that is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the knowledge of the Borrower, nothing has occurred which would prevent, or cause the loss of, such qualification. Except as could not reasonably be expected to have a Material Adverse Effect, each Loan Party and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) Except as could not reasonably be expected to have a Material Adverse Effect, (i) no ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) no Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) no Loan Party nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) no Loan Party nor any ERISA Affiliate has engaged in a transaction that could be subject to Sections 4069 or 4212(c) of ERISA.

(d) No Canadian Loan Party sponsors or participates in, or is required under Applicable Canadian Pension Legislation to sponsor or participate in, any Canadian Pension Plan in respect of any of their employees or former employees in Canada.

5.13 **Subsidiaries; Equity Interests.** As of the ~~Closing~~Amendment No. 1 Effective Date, the Borrower, the Lodi Parties and the Tres Palacios Parties have no Subsidiaries other than those specifically disclosed in Part (a) of Schedule 5.13, and all of the outstanding Equity Interests in such Subsidiaries have been validly issued, are fully paid and non-assessable (to the extent applicable) and are owned by a Loan Party in the amounts specified in Part (a) of Schedule 5.13 free and clear of all Liens other than Liens permitted under Section 7.01. As of the ~~Closing~~Amendment No. 1 Effective Date, the Borrower, the Lodi Parties and the Tres Palacios Parties have no equity investments in any other corporation or entity other than those specifically disclosed in Part (b) of Schedule 5.13. As of the ~~Closing~~Amendment No. 1 Effective Date, set forth in Part (c) of Schedule 5.13 is a complete and accurate list of all Loan Parties, showing as of the ~~Closing~~Amendment No. 1 Effective Date (as to each Loan Party) the jurisdiction of its organization, the address of its principal place of business or chief executive office and its U.S. taxpayer identification number or, in the case of any non-US Loan Party that does not have a U.S. taxpayer identification number, its unique identification number issued to it by the jurisdiction of its organization.

5.14 **Margin Regulations; Investment Company Act; Permits and Authorizations**.

(a) No Loan Party is engaged or will engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock.

(b) No Loan Party is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

(c) (i) ~~Each~~Subject to Section 6.16, each Loan Party has obtained and maintains all Permits and Authorizations, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect and (ii) each Loan Party has operated its business in compliance with the provisions of its Permits and Authorizations, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.15 **Disclosure.** No report, financial statement, certificate or other written factual information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the transactions contemplated hereby or delivered hereunder or under any other Loan Document (in each case, as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading.

5.16 **Compliance with Laws.** Each Loan Party is in compliance with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its businesses, operations or properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.17 **Intellectual Property; Licenses, Etc.** Each Loan Party, to its knowledge, owns, or possesses the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses to intellectual property rights and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of its business, without conflict with the rights of any other Person, except as could not reasonably be expected to have a Material Adverse Effect. To the knowledge of the Borrower, no material slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by any Loan Party infringes upon any material IP Rights held by any other Person, except as could not reasonably be expected to have a Material Adverse Effect. No claim or litigation regarding any of the foregoing is pending or, to the best knowledge of the Borrower, threatened, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

5.18 **Labor Disputes.** Since the Closing Date, (a) there are no strikes, lockouts or slowdowns against any Loan Party pending, or to the knowledge of the Borrower, threatened, and (b) all payments due from any Loan Party or any Subsidiary, on account of wages and employee health and welfare insurance and other benefits, have been paid or accrued as a liability on the books of the Loan Party or such Subsidiary to the extent required by GAAP, except, in each case, as could not reasonably be expected to have a Material Adverse Effect.

5.19 **Solvency.** ~~Upon~~On the Amendment No. 1 Effective Date after giving effect to Amendment No. 1, the ~~execution of this Agreement, the other Loan Documents and the consummation of the~~issuance of the Secured Senior Notes and the other transactions contemplated ~~hereby~~thereby, the Borrower together with each Guarantor on a combined basis will be Solvent.

5.20 **Patriot Act; Anti-Terrorism; Anti-Money Laundering, Etc.** (a) The Borrower and its Restricted Affiliates is in compliance, in all material respects, with (i) the Trading with the Enemy Act, as amended, and each of the foregoing assets control regulations of the United States Treasury Department (31 C.F.R. Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, (ii) Executive Order No. 13224 on Terrorist Financing effective September 24, 2001, (iii) the PATRIOT Act, (iv) the Proceeds of Crime (Money Laundering and Terrorist Financing Act) (Canada) and (v) any other applicable law with respect to terrorism or money laundering (each of the foregoing, an "Anti-Terrorism Law").

(b) The use of proceeds of the Loans will not violate any Anti-Terrorism Law or any of the foreign asset control regulations of the United States Treasury Department (31 C.F.R. Subtitle B, Chapter V, as amended).

5.21 **FCPA; Anti-Corruption.** (a)(i) None of the Borrower or any Restricted Affiliate nor, to the knowledge of the Borrower, any director, executive, representative, agent or employees of the Borrower or its Restricted Affiliates is in violation of, in any material respect, the Foreign Corrupt Practices Act of 1977 (as amended, the "FCPA"), the Corruption of Foreign Public Officials Act (Canada) or any other anti-corruption law applicable to the Parent Affiliates, the Borrower or its Restricted Affiliates and (ii) to the knowledge of the ~~Parent Affiliates and the Borrowers~~Borrower, none of the Parent Affiliates, the ~~Borrowers~~Borrower, any Restricted Affiliate, any director, executive, representative, agent or employees of the Parent Affiliates, any Borrower or their Restricted Affiliates has violated, in any material respect, the FCPA, the Corruption of Foreign Public Officials Act (Canada) or any other anticorruption law applicable to the Parent Affiliates, the ~~Borrowers~~Borrower or their Restricted Affiliates.

(b) No part of the proceeds of the Loans will be used, directly, or, to the knowledge of the Borrower, indirectly, for any corrupt payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage in violation of the FCPA, the Corruption of Foreign Public Officials Act (Canada) or any other anti-corruption law applicable to the Borrower or its Restricted Affiliates.

5.22 **Sanctions**. (a) None of the Borrower or any Restricted Affiliate nor, to the knowledge of the Borrower, any director or officer of the Borrower or its Restricted Affiliates is the subject of any trade or economic sanctions, laws, regulations, embargoes or restrictive measures administered, enacted or enforced by (i) the United States, the Office of Foreign Assets Control of the United States Treasury Department ("OFAC") or the United States Department of State, (ii) the European Union, (iii) the United Kingdom or (iv) Canada or any province or territory thereof (collectively, "Sanctions").

(b) The Borrower will not knowingly use the proceeds of the Loans or otherwise make available such proceeds to any Person, or for the purpose of financing activities of or with any Person, that at the time of such financing, is the subject of Sanctions to the extent resulting in a violation, in any material respect, of such Sanctions.

5.23 **Senior Indebtedness**. The Obligations hereunder the constitute "senior debt", "senior indebtedness", "guarantor senior debt", "senior financing" and "designated senior indebtedness" (or any comparable term) under the documentation for all Indebtedness that is subordinated in right of payment to the Obligations.

ARTICLE VI.
AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder or any Loan or other Obligation hereunder shall remain unpaid or unsatisfied (other than indemnification or other contingent obligations not yet due and owing), the Borrower shall, and shall (except in the case of the covenants set forth in Sections 6.01, 6.02, and 6.03) cause each of the Loan Parties to:

6.01 **Financial Statements.** Deliver to the Administrative Agent in form and detail reasonably satisfactory to the Administrative Agent:

(a) as soon as available, but in any event within 90 days ~~(or 120 days in the case of Tres Palacios Holdings LLC)~~ after the end of each Fiscal Year (commencing with the Fiscal Year ending March 31, ~~2017 or December 31, 2016, as applicable~~2018), (i) a combined consolidated balance sheet of the Borrower ~~and its~~, BIF II CalGas (Delaware) LLC, BIF II Tres Palacios Aggregator (Delaware) LLC and their respective Subsidiaries, and the related consolidated statements of income or operations, partners' capital and cash flows for such Fiscal Year, setting forth in each case (for the Fiscal Year ending March 31, ~~2017~~2018 and each Fiscal Year thereafter) in comparative form the figures for the previous Fiscal Year, ~~(ii) a balance sheet of Lodi Gas Storage, L.L.C., and, the related statements of income or operations, partners' capital and cash flows for such Fiscal Year, setting forth in each case (for the Fiscal Year ending December 31, 2016 and each Fiscal Year thereafter) in comparative form the figures for the previous Fiscal Year, and (iii) a consolidated balance sheet of Tres Palacios Holdings LLC, and the related consolidated statements of income or operations, partners' capital and cash flows for such Fiscal Year, setting forth in each case (for the Fiscal Year ending December 31, 2016 and each Fiscal Year thereafter) in comparative form the figures for the previous Fiscal Year, and in each case of the foregoing clauses (i), (ii) and (iii), all~~ in reasonable detail and prepared in accordance with GAAP and a Narrative Report with respect thereto, and such statements or consolidated statements, as applicable to be audited and accompanied by a report and opinion of an independent certified public accountant of nationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit.

(b) as soon as available, but in any event within, in the case of each other Fiscal Quarter that is not the end of a Fiscal Year, 45 days after the end of such Fiscal Quarter (~~and, in the case of Tres Palacios Holdings LLC, within 75 days after the end of each Fiscal Quarter (including a Fiscal Quarter that is the end of Fiscal Year)) (commencing~~or 75 days with respect to the Fiscal Quarter ending December 31, ~~2016 or March 31, 2017, as applicable), (i)~~2017), a combined consolidated balance sheet of the Borrower ~~and its~~, BIF II CalGas (Delaware) LLC, BIF II Tres Palacios Aggregator (Delaware) LLC and their respective Subsidiaries, as at the end of such Fiscal Quarter, and the related consolidated statements of income or operations, partners' capital and cash flows for such Fiscal Quarter and for the portion of the Fiscal Year then ended, setting forth in each case (for the Fiscal Quarter ending December 31, ~~2016~~2017 and each Fiscal Quarter thereafter) in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, ~~(ii) a balance sheet of Lodi Gas Storage, L.L.C., as at the end of such Fiscal Quarter, and the related consolidated statements of income or operations, partners' capital and cash flows for such Fiscal Quarter and for the portion of the Fiscal Year then ended, setting forth in each case (for the Fiscal Quarter ending March 31, 2017 and each Fiscal Quarter thereafter) in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, and (iii) a consolidated balance sheet of Tres Palacios Holdings LLC, as at the end of such Fiscal Quarter, and the related consolidated statements of income or operations, partners' capital and cash flows for such~~

~~Fiscal Quarter and for the portion of the Fiscal Year then ended, setting forth in each case (for the Fiscal Quarter ending March 31, 2017 and each Fiscal Quarter thereafter) in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, and in each case of the foregoing clauses (i), (ii) and (iii), all~~ in reasonable detail and prepared in accordance with GAAP and a Narrative Report with respect thereto, and such statements or consolidated statements, as applicable, to be certified by the chief executive officer, chief financial officer, treasurer or controller or other responsible officer of the Borrower ~~(or, in the case of clauses (ii) and (iii), the Lodi Parties or Tres Palacios, as applicable)~~ as fairly presenting in all material respects the financial condition, results of operations, partners' capital and cash flows of the Borrower and its Restricted Affiliates in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

~~(c) as soon as available, but in any event within, 60 days (c) after the end of a Fiscal Quarter (including any Fiscal Quarter that is the end of a Fiscal Year), a combined balance sheet of the Borrowers, their Subsidiaries, Lodi Gas Storage, L.L.C. and Tres Palacios Holdings LLC, as at the end of such Fiscal Quarter, and the related combined statements of income or operations, partners' capital and cash flows for such Fiscal Quarter and for the portion of the Fiscal Year then ended, setting forth in each case (for the Fiscal Quarters ending December 31, 2016 and each Fiscal Quarter thereafter) in comparative form the figures for the corresponding Fiscal Quarter of the previous Fiscal Year and the corresponding portion of the previous Fiscal Year, all in reasonable detail and a supplemental summary report for the operations of the Borrowers, their Subsidiaries, Lodi Gas Storage, L.L.C. and Tres Palacios Holdings LLC (in detail and form reasonably acceptable to the Administrative Agent) with respect thereto, and such combined statements to be certified by the chief executive officer, chief financial officer, treasurer or controller of the Borrower as fairly presenting in all material respects the financial condition, results of operations, partners' capital and cash flows of the Borrowers, their Subsidiaries, Lodi Gas Storage, L.L.C. and Tres Palacios Holdings LLC, subject to normal yearend audit adjustments and the absence of footnotes.~~

6.02 **Certificates; Other Information.** Deliver to the Administrative Agent in form and detail reasonably satisfactory to the Administrative Agent:

(a) concurrently with the delivery of the financial statements referred to in Section 6.01(a), a certificate of its independent certified public accountants certifying such financial statements and stating that in making the examination necessary therefor no knowledge was obtained of any Default or, if any such Default shall exist, stating the nature and status of such event;

(b) concurrently with the delivery of the financial statements referred to in Sections 6.01(a~~)(i~~) and ~~(c~~6.01(b), a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower (not in his or her individual capacity but solely in his or her capacity as an officer of the Borrower); ~~provided that the Borrower shall not be required to deliver a Compliance Certificate with the financial statements referred to in Section 6.01(c) for the Fiscal Quarter ending March 31, 2018 and each Fiscal Quarter ending March 31 thereafter;~~

(c) [Reserved];

(d) promptly after the furnishing thereof, copies of any statement or report, furnished to any holder of debt securities of any Loan Party pursuant to the terms of any indenture, loan or credit or similar agreement and not otherwise required to be furnished to the Administrative Agent pursuant to Section 6.01 or any other clause of this Section 6.02;

(e) [Reserved];

(f) [Reserved];

(g) [Reserved]; and

(h) promptly, such additional information regarding the business, financial or corporate affairs of the Borrower and the Restricted Affiliates as the Administrative Agent or any Lender (through the Administrative Agent) may from time to time reasonably request, subject to any applicable restrictions under Applicable Law.

6.03 **Notices**.

(a) Promptly notify the Administrative Agent and each Lender of the occurrence of any Default; and

(b) Promptly notify the Administrative Agent and each Lender:

(i) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(ii) of the occurrence of any ERISA Event; and

(iii) of any material change in accounting policies or financial reporting practices by any Loan Party.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer of the applicable Loan Party setting forth details of the occurrence referred to therein and stating what action such Loan Party has taken and proposes to take with respect thereto. Each notice pursuant to Section 6.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document, the breach of which gave rise to the Default described in such notice.

6.04 **Payment of Taxes.** Pay and discharge as the same shall become due and payable, all its material tax liabilities, assessments and governmental charges or levies upon it or its properties or assets which, if unpaid, would by law become a Lien upon its property, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the applicable Loan Party.

6.05 **Preservation of Existence, Etc.** (a) Preserve, renew and maintain in full force and effect its legal existence and good standing under the Laws of the jurisdiction of its organization, provided, however, that the Borrower and its Restricted Affiliates may consummate any merger, consolidation or other transfer of assets as permitted by Section 7.05 or 7.06, (b) take all reasonable action to maintain all rights, privileges, Permits and Authorizations and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

6.06 **Maintenance of Properties.** (a) Maintain, manage and operate all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted, (b) make all necessary repairs thereto and renewals and replacements thereof except where the failure to do so could not reasonably be expected to have a Material Adverse Effect; and (c) use the standard of care typical in the industry in the operation and maintenance of its facilities.

6.07 **Maintenance of Insurance.** Maintain with financially sound and reputable insurance companies not Affiliates of any Loan Party, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons.

6.08 **Compliance with Laws.** Comply in all respects with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.09 **Books and Records.** Maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the applicable Loan Party.

6.10 **Inspection and Commercial Finance Examination Reports.** So long as there is any outstanding unpaid principal amount of Loans hereunder, any written report, summary or other written results (collectively referred to in this Section as "reports") of any (a) inspection of the Loan Parties or (b) commercial finance examination of the business and assets of the Loan Parties, in each case, conducted by or on behalf of the ABL Administrative Agent pursuant to the ABL Credit Agreement shall be provided by the Borrower to the Administrative Agent promptly after receipt (and solely to the extent received) by the Borrower thereof, subject, in each case, to any confidentiality provisions applicable to such reports to the extent such provisions prohibit the delivery of such reports to the lenders under the ABL Credit Agreement.

6.11 **Use of Proceeds.** Use the proceeds of the Loans for working capital purposes.

6.12 **Additional Guarantors.** Upon the formation (including as a result of a conversion from one corporate form to another) of any new or indirect Subsidiary (other than any Excluded Subsidiary ~~or any Subsidiary of Tres Palacios~~) or acquisition of any new direct or indirect Subsidiary (other than any Excluded Subsidiary ~~or any Subsidiary of Tres Palacios~~) by any Loan Party, promptly notify the Administrative Agent of such formation or acquisition and promptly thereafter (and in any event within 30 days after such formation or acquisition), at the Borrower's expense, cause such Subsidiary to (A) become a party to the Guaranty Agreement as a "Guarantor" thereunder by executing and delivering to the Administrative Agent a supplement to the Guaranty Agreement in the form specified therein, and (B) deliver to the Administrative Agent documents of the types referred to in clause (ii) of Section 4.01(a); and, if requested by the Administrative Agent, customary opinions of counsel to such Subsidiary, all in form, content and scope reasonably satisfactory to the Administrative Agent; provided, that the Borrower shall not be required to cause such Subsidiary to comply with the terms of this Section 6.12(b)(i) if (1) so long as the ABL Credit Agreement or the Term Loan Agreement remains in effect, such Subsidiary is not required pursuant to the terms of the ABL Credit Agreement and/or the Term Loan Agreement, as applicable, to guaranty the payment of the "US Revolver Obligations" (as defined in the ABL Credit Agreement) and/or the "Obligations" (as defined in the Term Loan Agreement) or (2) at any time after both the ABL Credit Agreement and the Term Loan Agreement have been terminated, such Subsidiary is a CFC.

Notwithstanding anything in this Section 6.12 to the contrary, (A) the Administrative Agent may, in its Permitted Discretion, lengthen the foregoing time periods and otherwise modify (with the consent of the Borrower) the foregoing requirements, and (B) no Person that is a Restricted Affiliate as of the Closing Date shall be designated a CFC as a result of this Section 6.12.

6.13 ~~[reserved]~~[Reserved].

6.14 **Environmental Matters; Environmental Reviews.** (a) Comply in all material respects with all Environmental Laws now or hereafter applicable to such Loan Party and its properties and assets, obtain all Permits and Authorizations necessary for its operations and maintain all such Permits and Authorizations in full force and effect (in each case, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect), and conduct any investigation, study, sampling and testing, and undertake any cleanup, removal, remedial or other action necessary to remove and clean up all Hazardous Materials from any of its properties, in accordance with the requirements of all applicable Environmental Laws. Each Loan Party will promptly pay and discharge when due all material debts, claims, liabilities and obligations with respect to any clean-up or remediation measures necessary to comply with Environmental Laws unless, in each case, the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves required by GAAP are being maintained by the applicable Loan Party.

(b) Promptly furnish to the Administrative Agent all written notices of violation, orders, claims, citations, complaints, penalty assessments, suits or other proceedings received by any Loan Party, or of which it has notice, pending or threatened against any Loan Party, by any Governmental Authority with respect to any alleged violation of or noncompliance with any Environmental Laws or any Permits and Authorizations in connection with its ownership or use of its properties or the operation of its business that could be reasonably expected to result in a material liability.

(c) Promptly furnish to the Administrative Agent all requests for information, notices of claim, demand letters, and other notifications, received by any Loan Party in connection with its ownership or use of its properties or the conduct of its business, relating to potential responsibility with respect to any investigation, clean-up of or exposure to Hazardous Material at any location that could be reasonably expected to result in a material liability.

6.15 **Risk Management Review Reports.** So long as there is any outstanding unpaid principal amount of Loans hereunder, any written report, summary or other written results of any risk management review of the businesses and assets of the Loan Parties conducted by or on behalf of the ABL Administrative Agent pursuant to the ABL Credit Agreement shall be provided by the Borrower to the Administrative Agent promptly after receipt by the Borrower thereof except to the extent that any confidentiality provisions applicable to such written report, summary or other written results prohibits the Borrower from delivering such materials to the lenders under the ABL Credit Agreement.

6.16 **Post-Closing Covenant.** ~~The~~On or after the Amendment No. 1 Effective Date, the Borrower shall use commercially reasonable efforts to file for and obtain any necessary regulatory approvals from the CPUC approving the Guarantees provided by Lodi Gas Storage L.L.C. and Wild Goose Storage LLC under the Guaranty Agreement.

6.17 **Compliance with Anti-Terrorism Laws, Anti-Money Laundering Laws and Embargoed Persons**.

(a) Conduct its business in such manner so as to not, directly or indirectly, (i) deal in or otherwise engage in any transaction relating to, any property or interests in property, blocked pursuant to any applicable Anti-Terrorism Law or (ii) engage in or conspire to engage in any transaction that violates, or attempts to violate, any of the material prohibitions set forth in any Anti-Terrorism Law.

(b) (i) Use funds or properties of the Borrower or its Restricted Affiliates to repay the Loans only to the extent such funds or properties do not constitute, to the knowledge of the Borrower,

property of, or is beneficially owned, to the knowledge of the Borrower, directly or indirectly, by any Person that is identified on (x) the "List of Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any similar list of comprehensively sanctioned persons maintained by OFAC pursuant to any authorizing statute, including, but not limited, the International Economic Powers Act (50 U.S.C. §§1701 *et seq*.), The Trading with the Enemy Act (50 U.S.C. App. 1 *et seq*.) and any Executive Order or any applicable Law promulgated thereunder or any similar laws or regulations that apply to the Borrower or its Restricted Affiliates (including, for certainty, any similar laws or regulations of Canada or any province or territory thereof) or (y) the Executive Order, any related enabling legislation or any other similar Executive Orders (each such person in (x) and (y) an "Embargoed Person") or (ii) to the knowledge of the Borrower, allow any Embargoed Person to have any direct or indirect interests in the Borrower or its Restricted Affiliates, in each case, that results in the investment in the Borrower or its Restricted Affiliates (whether directly or indirectly) being prohibited by any applicable Law or the Loans made by the Lenders (whether directly or indirectly) being in violation of any applicable Law.

ARTICLE VII.
NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder or any Loan or other Obligation hereunder shall remain unpaid or unsatisfied (other than indemnification or other contingent obligations not yet due and owing), the Borrower shall not, and shall not permit any of its Restricted Affiliates to:

7.01 **Liens.** Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.02 **Investments.** Make or hold any Investments, except as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.03 **Indebtedness.** Create, incur, assume or suffer to exist any Indebtedness, other than as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.04 **Swap Contracts.** Be a party to or in any manner be liable on any Swap Contract, except as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.05 **Fundamental Changes.** Merge, amalgamate or consolidate with or into another Person, dissolve, liquidate or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person (any such action a "Fundamental Change"), except as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.06 **Dispositions.** Make any Disposition, except as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.07 **Restricted Payments.** Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.08 **Change in Nature of Business.** Engage in any material line of business that is not a

Permitted Business.

7.09 **Transactions with Affiliates.** Enter into any transaction of any kind with any Affiliate of any Loan Party, whether or not in the ordinary course of business, other than as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.10 **Burdensome Agreements.** Enter into or permit to exist any Contractual Obligation (other than this Agreement or any other Loan Document, the ABL Credit Agreement, the ~~Term Loan Agreement, the Subordinated~~Secured Senior Notes Documents and the ~~Senior~~Subordinated Notes Documents) that (a) limits the ability (i) of any Subsidiary (other than any Excluded Subsidiary) to make Restricted Payments to the Borrower or any Guarantor or invest in the Borrower or any Guarantor, or to repay loans and other indebtedness owing by it to the Borrower or any Guarantor, (ii) of any Subsidiary (other than any Excluded Subsidiary) to transfer property to the Borrower or any Guarantor or (iii) of any Subsidiary (other than any Excluded Subsidiary) to Guarantee the Obligations of the Borrower, except as permitted under both (a) the Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.11 **Subordinated Debt Payments.** Prepay, redeem, purchase, defease or otherwise satisfy prior to the scheduled maturity thereof in any manner, or make any payment in violation of any subordination terms of, any Subordinated Debt, except as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.12 **Risk Management Compliance.** Enter into any transaction or permit to exist any Position that is in violation of the Risk Management Policy, except as permitted under both (a) the ~~Term Loan Agreement~~Secured Senior Notes Documents and (b) the ABL Credit Agreement.

7.13 **Use of Proceeds.** Use the proceeds of any Loan, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

7.14 **Subordinated Debt.** Amend or modify the terms (including subordination terms) of the documents evidencing or governing any Subordinated Debt permitted hereunder in a manner materially adverse to the Lenders without the prior written consent of the Administrative Agent, or violate any of the subordination terms of the documents evidencing or governing any Subordinated Debt permitted hereunder.

7.15 **Changes in Fiscal Periods.** Permit the fiscal year of any Loan Party to end on a day other than, with respect to the Borrower and its Subsidiaries, March 31 and, with respect to the other Restricted Affiliates, December 31 (unless changed to March 31 in accordance with the definition of "Fiscal Year") or change the Borrower's method of determining fiscal quarters, without the prior written consent of the Administrative Agent (such consent not be unreasonably withheld, delayed or conditioned), in each case other than if such change is required by GAAP.

7.16 **Modification of Certain Agreements.** Amend, supplement, modify or change any term or condition of (a) the Organization Document of any Loan Party or (b) the documents evidencing or governing any Subordinated Debt, in each case, to the extent any such amendment, supplement or modification would be prohibited or inconsistent with any of the terms of this Agreement and/or is materially adverse to the Lenders without the prior written consent of the Administrative Agent.

7.17 **Canadian Pension Plans.** Establish or maintain any Canadian Pension Plan in respect of any of their employees or former employees in Canada.

ARTICLE VIII.
EVENTS OF DEFAULT AND REMEDIES

8.01 **Events of Default.** Any of the following shall constitute an Event of Default:

(a) Non-Payment. The Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan, or (ii) within three days after the same becomes due, any interest on any Loan, or any fee due hereunder, or (iii) within five days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants.

(i) Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Sections 6.03(a), 6.05(a), 6.11 or Article VII; or

(ii) Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Sections 6.01, 6.02 or 6.10, and such failure continues for 15 days; or

(c) Other Defaults. Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for 30 days after the earlier of (i) the date on which a Responsible Officer of any Loan Party becomes aware of such failure and (ii) the date on which notice of such failure is given to any Loan Party by the Administrative Agent (which notice will be given at the request of any Lender); or

(d) Representations and Warranties; Certifications; Statements of Fact. Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any other Loan Party herein in writing, in any other Loan Document, or in any certificate delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(e) Cross-Default. (i) Any Loan Party (A) fails to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise) in respect of any Indebtedness (1) under the ABL Credit Agreement, (2) under the Term Loan Agreement, (3) under the Senior Notes or (4) under any Other Material Indebtedness, or (B) fails to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity and, for the avoidance of doubt, any Event of Default under this clause (e) shall continue until waived by the Lenders (or the required percentage thereof) in accordance with the terms hereof notwithstanding any waiver or cure of the default or breach under the ABL Credit Agreement, the Term Loan Agreement, the Senior Notes or the documentation evidencing any Other Material Indebtedness that resulted in the occurrence of such Event of Default; (ii) an "Event of Default" within the meaning of the ABL Credit Agreement shall occur; or (iii~~) an "Event of Default" within the meaning of the Term Loan Agreement shall occur; or (iv~~) an event shall occur under the documentation evidencing any Other Material Indebtedness that would permit the holder thereof to accelerate the maturity thereof; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any of its Subsidiaries (other than any Immaterial Subsidiary) institutes or consents to the institution of any Insolvency Proceeding, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, monitor or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator, monitor or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for 60 calendar days; or any Insolvency Proceeding relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment. (i) Any Loan Party becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within 30 days after its issue or levy; or

(h) Invalidity of Loan Documents. Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party contests in any manner the validity or enforceability of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any provision of any Loan Document; or

(i) Change of Control. There occurs any Change of Control.

8.02 **Remedies Upon Event of Default.** If any Event of Default occurs and is continuing, subject to the terms and conditions of ~~the~~each Subordination Agreement, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the Commitments to be terminated, whereupon the Commitments shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; and

(c) exercise all rights and remedies available to it under the Loan Documents and applicable Law;

provided that, upon the occurrence of an Event of Default under Section 8.01(f), the obligation of any Lender to make Loans shall automatically terminate and the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, in each case without further act of the Administrative Agent or any Lender.

8.03 **Application of Funds.** After the exercise of remedies provided for in Section 8.02 (or after the Loans have automatically become immediately due and payable as set forth in the proviso to Section 8.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent as provided in Section 9.10.

ARTICLE IX.
ADMINISTRATIVE AGENT

9.01 **Appointment and Authority.** Each of the Lenders hereby irrevocably appoints Swan Equity Aggregator LP to act on its behalf as the Administrative Agent hereunder and under the other Loan Documents. Each of the Lenders authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof or thereof, together with such actions and powers as are reasonably incidental thereto.

9.02 **Rights as a Lender.** Each Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated or unless the context otherwise requires, include the Person serving as the Administrative Agent hereunder in its individual capacity to the extent it is or becomes a Lender hereunder. Each such Person and its Affiliates may lend money to and generally engage in any kind of business with any Loan Party or any Subsidiary or other Affiliate thereof as if such Person were not the Administrative Agent hereunder and without any duty to account therefor to the Lenders.

9.03 **Exculpatory Provisions.** The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, the Administrative Agent shall not:

(a) be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing;

(b) have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by the other Loan Documents that the Administrative Agent is required to exercise as directed in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law; and

(c) except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and the Administrative Agent shall not be liable for the failure to disclose, any information relating to the Borrower, any Loan Party or any of their Affiliates that is communicated to or obtained by the Person serving as the Administrative Agent or any of its Affiliates in any capacity.

The Administrative Agent shall not be liable for any action taken or not taken by it (i) with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary, or as the Administrative Agent shall believe in good faith shall be necessary, under the circumstances as provided in Sections 10.01 and 8.02) or (ii) in the absence of its own gross negligence or willful misconduct, as determined by a final and nonappealable order or judgment of a court of competent jurisdiction. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until notice describing such Default is given to the Administrative Agent by the Borrower or a Lender.

The Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default, (iv)

the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

9.04 **Reliance by Administrative Agent.** The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to the making of a Loan that by its terms must be fulfilled to the satisfaction of a Lender, the Administrative Agent may presume that such condition is satisfactory to such Lender unless the Administrative Agent shall have received notice to the contrary from such Lender prior to the making of such Loan. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

9.05 **Delegation of Duties.** The Administrative Agent may perform any and all of its duties and exercise its rights and powers hereunder or under any other Loan Document by or through any one or more sub agents appointed by the Administrative Agent. The Administrative Agent and any such sub agent may perform any and all of its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of this Article shall apply to any such sub agent and to the Related Parties of the Administrative Agent and any such sub agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities of the Administrative Agent.

9.06 **Resignation of Administrative Agent**. The Administrative Agent may at any time give notice of its resignation to the Lenders and the Borrower effective upon appointment of a successor Administrative Agent. Upon receipt of any such notice of resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent from among the Lenders or an Affiliate of any Lender. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders, appoint a successor Administrative Agent meeting the qualifications set forth above; provided that if the retiring Administrative Agent shall notify the Borrower and the Lenders that no qualifying Person has accepted such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (1) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents and (2) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each applicable Lender directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this Section. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder and under the other Loan Documents (if not already discharged therefrom as provided above in this Section). After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 10.04 shall continue in effect for the benefit of such retiring Administrative Agent, its sub agents and their respective Related Parties in respect of any actions taken

or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

9.07 **Non-Reliance on Administrative Agent and Other Lenders.** Each of the Lenders acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Lenders also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender or any of their Related Parties and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any other Loan Document or any related agreement or any document furnished hereunder or thereunder.

9.08 **Administrative Agent May File Proofs of Claim.** In case of the pendency of any Insolvency Proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Section 10.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Section 10.04.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

9.09 **Guaranty Matters.**

(a) The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion, subject to the terms of ~~the~~each Subordination Agreement,

(i) to release any Guarantor from its obligations under the applicable Guaranty if such Person ceases to be a Subsidiary or becomes an Excluded Subsidiary as a result of a transaction permitted hereunder; ~~and~~

(ii) to execute and deliver ~~the~~each Subordination Agreement on behalf of each Lender; and

(iii) to release BIF II Tres Palacios Aggregator (Delaware) LLC from its obligations under the applicable Loan Documents if (A) all of the Equity Interests of BIF II Tres Palacios Aggregator (Delaware) LLC are subject to a Disposition or (B) any Loan Party designates BIF II Tres Palacios Aggregator (Delaware) LLC as an Unrestricted Subsidiary in accordance with the applicable provisions of the Secured Senior Notes Indenture.

(b) Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release any Guarantor from its obligations under the applicable Guaranty pursuant to Section 9.09(a).

(c) In connection with any release of any Guarantor pursuant to this Section 9.09, the Administrative Agent shall execute and deliver all such documents and instruments as the applicable Loan Party shall reasonably request to evidence such release.

9.10 **Enforcement Actions and Application of Proceeds**.

(a) The Obligations shall be subject to acceleration as provided in Section 8.02.

(b) If the Administrative Agent receives any payment or distribution of any kind (whether in cash, securities or other property) in respect of any Enforcement Action, subject to the terms of ~~the~~each Subordination Agreement, the Administrative Agent shall apply such proceeds as follows:

(i) first, to the repayment of that portion of the Obligations constituting costs and expenses, including reasonable attorneys' fees and legal expenses, incurred by the Administrative Agent in connection with the exercise or enforcement of any of the rights of the Administrative Agent hereunder;

(ii) second, to the reimbursement of the Administrative Agent for the amount of any obligations of any Loan Party that are prior to those of the Administrative Agent or which the Administrative Agent is otherwise required to pay under applicable law and are paid or discharged by the Administrative Agent (other than amounts for principal and interest under the Loans) pursuant to the provisions hereof, and of any related expenses of the Administrative Agent payable by any Loan Party hereunder or thereunder;

(iii) third, on a pro rata basis, to the satisfaction of the Obligations, which payment shall be made ratably to each Lender in accordance with its pro rata share of such Obligations;

(iv) fourth, to the payment of any other amounts required by applicable Law; and

(v) fifth, by delivery to the Borrower or to whomever shall be lawfully entitled to receive the same or as a court of competent jurisdiction shall direct.

ARTICLE X.
MISCELLANEOUS

10.01 **Amendments, Etc.** No amendment or waiver of any provision of this Agreement or any other Loan Document (except as provided therein), and no consent to any departure by the Borrower or any other Loan Party therefrom (except as provided therein), shall be effective unless in writing and signed by the Required Lenders and such Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided that:

(a) no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, do any of the following at any time:

(i) release all or substantially all of the value of any Guaranty, except as a result of any release of a Guarantor that has ceased to be a Subsidiary of the Borrower or the Borrower or has become an Excluded Subsidiary in a transaction permitted under this Agreement or as otherwise provided in such Guaranty; or

(ii) change any provision of this Section and the definition of "Required Lenders" or any provision of the Loan Documents which provides for the unanimous consent or approval of all the Lenders;

(b) no amendment, waiver or consent shall increase the Commitment of any Lender (or reinstate the commitment of any Lender terminated pursuant to Section 8.02), unless in writing and signed by such Lender;

(c) no amendment, waiver or consent shall, unless in writing and signed by each of the Lenders affected thereby:

(i) reduce, forgive or waive the principal of, or interest on, the Loans or any fees or other amounts payable hereunder to such Lender;

(ii) postpone, waive or otherwise defer any date scheduled for any payment of principal of or interest on the Loans or any fees or other amounts payable to such Lender;

(iii) change the order of application of any payment set forth in Section 9.10 in any manner that materially affects such Lender; or

(iv) change any provision of this clause (c).

provided, further, that no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document.

10.02 **Notices; Effectiveness**.

(a) Notices Generally. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, if to the

Borrower, any other Loan Party, the Administrative Agent, or a Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 10.02. Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when successfully transmitted or receipt acknowledged by the recipient's facsimile machine (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient).

(b) Effectiveness of Facsimile Documents and Signatures. Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on all Loan Parties, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(c) Change of Address, Etc. The Borrower, the Administrative Agent and each Lender may change its address, facsimile or telephone number for notices and other communications hereunder by notice to the other parties hereto.

(d) Reliance by Administrative Agent and Lenders. The Administrative Agent and Lenders shall be entitled to rely and act upon any notices purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify the Administrative Agent, each Lender and the Related Parties of each of them from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower, except to the extent such losses, costs, expenses and liabilities are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such indemnified party. All telephonic notices to and other telephonic communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

10.03 **No Waiver; Cumulative Remedies.** No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Loan Document are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.04 **Expenses; Indemnity; Waivers**.

(a) Costs and Expenses. The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates (including the reasonable fees, charges and disbursements of Norton Rose Fulbright US LLP and its affiliates) in connection with the preparation, negotiation, execution, delivery and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all expenses incurred by the Administrative Agent or any Lender (including the fees, charges and disbursements of any counsel

for the Administrative Agent or such Lender) in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other Loan Documents, including its rights under this Section, or (B) in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) Indemnification by the Borrower. The Borrower shall indemnify the Administrative Agent and each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities, obligations, penalties, demands, actions, judgments, suits, costs (including settlement costs), disbursements and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee) incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower or any other Loan Party arising out of, in connection with, as a result of or in any other way associated with any litigation, proceeding or investigation in connection with (i) the execution or delivery of this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, and the performance by the parties hereto of their respective obligations hereunder or thereunder, the consummation of the transactions contemplated hereby or thereby, or, in the case of the Administrative Agent (and any sub-agent thereof) and its Related Parties only; the administration of this Agreement and the other Loan Documents, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by any Loan Party, or any Environmental Liability related in any way to any Loan Party, provided that the ~~Borrowers~~Borrower shall have no such obligation under this clause (iii) if the violation of, noncompliance with or liability under, any Environmental Law relating to any such property was directly or exclusively caused by the acts or omissions by Persons other than the ~~Borrowers~~Borrower or any Subsidiary of the ~~Borrowers~~Borrower or their respective Related Parties with respect to the applicable property that occur after the Administrative Agent sells the respective property pursuant to a foreclosure or has accepted a deed in lieu of foreclosure or (iv) any actual or prospective claim, dispute, litigation, investigation or proceeding in any way relating to, arising out of, in connection with or by reason of any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower or any other Loan Party, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower or any other Loan Party against an Indemnitee for material breach in bad faith of such Indemnitee's obligations hereunder or under any other Loan Document, if the Borrower or such Loan Party has obtained a final and non-appealable judgment in its favor on such claim as determined by a court of competent jurisdiction. This Section 10.04(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, etc. arising from any non-Tax claim.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the Borrower shall not assert, and the Borrower hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or the use of the proceeds thereof. No Indemnitee referred to in subsection (b) above shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed to such unintended recipients by such Indemnitee through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby other than for direct or actual damages resulting from the gross negligence or willful misconduct of such Indemnitee as determined by a final and nonappealable judgment of a court of competent jurisdiction.

(d) Payments. All amounts due under this Section shall be payable not later than ten Business Days after demand therefor.

(e) Waiver of Judgment Interest Act (Alberta). To the extent permitted by Law, the covenants of the Borrower to pay interest at the rates provided herein shall not merge in any judgment relating to any obligation of the Borrower to the Lenders or the Administrative Agent and any provision of the Interest Act (Canada) or the Judgment Interest Act (Alberta), which restricts any rate of interest set forth herein shall be inapplicable to the Loans, the Note and the other Loan Documents, and are hereby expressly waived by the Borrower.

(f) Deemed Reinvestment Not Applicable. For the purposes of the Interest Act (Canada), the principle of deemed reinvestment of interest shall not apply to any interest calculation under the Loan Documents; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after maturity, default and judgment. The rates of interest specified under the Loan Documents are intended to be nominal rates and not effective rates. Interest calculated shall be calculated using the nominal rate method and not the effective rate method of calculation.

(g) Survival. The agreements in this Section shall survive the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations.

10.05 **Payments Set Aside.** To the extent that any payment by or on behalf of the Borrower is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

10.06 **Successors and Assigns**.

(a) Successors and Assigns Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent, and (ii) each Lender may assign or otherwise transfer a portion or all of its rights or obligations hereunder with the consent of the Borrower, provided however that no such consent shall be required (1) so long as an Event of Default has occurred and is continuing at the time of such assignment or (2) if such assignment is to an Affiliate of such Lender. Subject to acceptance and recording thereof by the Administrative Agent or Lender in the Register (as defined below), from and after the effective date specified in each Assignment and Assumption Agreement, the assignee thereunder shall be a party to this Agreement. The Administrative Agent, acting solely for this purpose as an agent of the Borrower for tax purposes, shall maintain at one of its offices a copy of each Assignment and Assumption Agreement delivered to it and a register for the recordation of the names and addresses of the Lenders and assigns, and principal amounts (and stated interest) of the Loan owing to, each Lender and assign pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrower, the Administrative Agent, the Lenders, and assigns shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement. The

Register shall be available for inspection by the Borrower and any Lender or assign, at any reasonable time and from time to time upon reasonable prior notice.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to this Section, from and after the effective date specified in each applicable Assignment and Assumption Agreement, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption Agreement, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption Agreement, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption Agreement covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Article III and Section 10.04 with respect to facts and circumstances occurring prior to the effective date of such assignment. Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender with respect to the assigned interest and a replacement Note to the assigning Lender to the extent of the interest, if any, retained by such assigning Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (b) of this Section.

(b) Participations. Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (each, a "Participant") in all or a portion of the Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any commitments, loans or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such commitment, loan or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(c) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under the Note) to secure obligations of such Lender; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(d) Treatment of Certain Information; Confidentiality. Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, trustees, officers, employees, agents, advisors and representatives (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any Governmental Authority purporting to have jurisdiction over it (including any self-regulatory authority,

such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any securitization, swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than the Borrower.

For purposes of this Section, "Information" means all information received from any Loan Party relating to any Loan Party or any of its businesses, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any Loan Party, provided that, in the case of information received from any Loan Party after the Closing Date, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

Each of the Administrative Agent and the Lenders acknowledges that (a) the Information may include material non-public information concerning the Borrower or any Restricted Affiliate, as the case may be, (b) it has developed compliance procedures regarding the use of material non-public information and (c) it will handle such material non-public information in accordance with applicable Law, including federal, state and provincial securities Laws.

10.07 **Right of Set-off.** If an Event of Default shall have occurred and be continuing, each Lender and each of their respective Affiliates is hereby authorized at any time and from time to time, after obtaining the prior written consent of the Administrative Agent, to the fullest extent permitted by applicable Law, to set off and apply any and all obligations (in whatever currency) of any kind, whether or not arising hereunder, at any time owing by such Lender to or for the credit or the account of the Borrower or any other Loan Party against any and all of the obligations of the Borrower or such Loan Party now or hereafter existing under this Agreement or any other Loan Document to such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or any other Loan Document and although such obligations of the Borrower or such Loan Party may be contingent or unmatured. The rights of each Lender and each of its Affiliates under this Section are in addition to other rights and remedies (including other rights of set-off) that such Lender may have. Each Lender agrees to notify the Borrower and the Administrative Agent promptly after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application.

10.08 **Interest Rate Limitation.** Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the "Maximum Rate"). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium

rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

10.09 **Counterparts; Integration; Effectiveness.** This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature page of this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

10.10 **Survival of Representations and Warranties.** All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Borrowing, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied.

10.11 **Severability.** If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.12 **Governing Law; Jurisdiction; Etc**.

(a) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

(b) Submission to Jurisdiction. The Borrower and each other Loan Party irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against the Borrower or any other Loan Party or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. The Borrower and each other Loan Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby agrees that Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York shall apply to the Loan Documents and irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. The Borrower and each other Loan Party consents to process being served in any action or proceeding of the nature referred to in paragraph (b) of this Section by mailing a copy thereof by registered or certified mail to such Borrower or such other Loan Party at its address set forth in Section 10.02 or, in the case of each Canadian Loan Party, at its registered office. The Borrower and each other Loan Party agrees that such service of process (i) shall be deemed in every respect effective and binding service of process upon the Borrower or such other Loan Party, as the case may be, in any such action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to the Borrower or such other Loan Party, as the case may be. Nothing herein shall affect the right of the Administrative Agent or any Lender to serve process in any other manner permitted by law or shall limit the right of the Administrative Agent and the Lenders to bring proceedings against the Borrower or any other Loan Party in the courts of any other jurisdiction.

(e) Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

10.13 **No Advisory or Fiduciary Responsibility.** In connection with all aspects of each transaction contemplated hereby, the Borrower acknowledges and agrees, and acknowledges its Affiliates' understanding, that: (i) the credit facilities provided for hereunder and any related arranging or other services in connection therewith (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document) are an arm's-length commercial transaction between the Borrower and its Affiliates, on the one hand, and the Administrative Agent and the Lenders, on the other hand, and the Borrower is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents (including any amendment, waiver or other modification hereof or thereof); (ii) in connection with the process leading to such transaction, each of the Administrative Agent and the Lenders is and has been acting solely as a principal and is not the financial advisor, agent or fiduciary, for the Borrower or any of its Affiliates, stockholders, creditors or employees or any other Person; (iii) neither the Administrative Agent nor the Lenders has assumed nor will it assume an advisory, agency or fiduciary responsibility in favor of the Borrower with respect to any of the transactions contemplated hereby or the process leading thereto, including with respect to any amendment, waiver or other modification hereof or of any other Loan Document (irrespective of whether the Administrative Agent or any Lender has advised or is

currently advising the Borrower or any of its Affiliates on other matters) and neither the Administrative Agent nor the Lenders has any obligation to the Borrower or any of its Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; (iv) the Administrative Agent, the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrower and its Affiliates, and neither the Administrative Agent nor the Lenders has any obligation to disclose any of such interests by virtue of any advisory, agency or fiduciary relationship; and (v) the Administrative Agent and the Lenders have not provided and will not provide any legal, accounting, regulatory or tax advice with respect to any of the transactions contemplated hereby (including any amendment, waiver or other modification hereof or of any other Loan Document) and the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate. The Borrower hereby waives and releases, to the fullest extent permitted by law, any claims that it may have against the Administrative Agent and the Lenders with respect to any breach or alleged breach of agency or fiduciary duty.

10.14 **USA PATRIOT Act Notice.** The Administrative Agent, to the extent subject to the Patriot Act, hereby notifies the Borrower that pursuant to the requirements of the Patriot Act and other "know your client" applicable laws, it is required to obtain, verify and record information that identifies each Loan Party, which information includes the name and address of each Loan Party and other information that will allow the Lenders to identify each Loan Party in accordance with the Patriot Act and the Borrower agrees to promptly provide any such information upon the reasonable request of the Administrative Agent or any Lender or prospective Administrative Agent or Lender. The Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering laws, rules and regulations, including the PATRIOT Act.

10.15 **No Third Party Rights.** No persons other than the Borrower, and the Lenders acting by and through the Administrative Agent, may enforce the terms and provisions hereof. There are no third party intended beneficiaries hereof, and nothing expressed or implied in this Agreement is intended to create any rights or benefits under this Agreement in any Person other than the Borrower, and the Lenders acting by and through the Administrative Agent.

~~10.16~~ **Subordination ~~Agreement Controls~~Agreements Control.** Notwithstanding anything herein to the contrary, in the event of any inconsistency between this Agreement and ~~the~~any Subordination Agreement, ~~the~~such Subordination Agreement will control.

Annex II

SCHEDULE 5.06

Litigation

1. San Mateo County v. Chevron, et al., N.D. Cal. Case No. 3:17-cv-04929-VC
2. Imperial Beach v. Chevron, et al., N.D. Cal Case No. 3:17-cv-04934-VC
3. Marin County v. Chevron, et al., N.D. Cal. Case No 3:17-cv-04935-VC
4. County of Santa Cruz v. Chevron, et al., N.D. Cal Case No. 3:17-cv-03242-VC
5. City of Richmond v. Chevron, et al., Case No. C18-00055

SCHEDULE 5.11

Audits/Examinations of Tax Returns

Jurisdiction:	Canada
Auditing Party:	Canada Revenue Agency
Legal Entity:	Niska Holdco ULC
Type of Tax:	Income tax
Years Under Review:	April 26, 2010 to January 1, 2012
Likely Outcome:	No change
Jurisdiction:	Canada
Auditing Party:	Canada Revenue Agency
Legal Entity:	Niska Gas Storage Canada ULC
Type of Tax:	Income tax
Years Under Review:	January 1, 2012 to December 31, 2013
Likely Outcome:	No change
Jurisdiction:	Canada
Auditing Party:	Canada Revenue Agency
Legal Entity:	Niska Partners Coöperatief U.A.
Type of Tax:	Income tax
Years Under Review:	January 1, 2012 to December 31, 2013
Likely Outcome:	No change
Jurisdiction:	Netherlands
Auditing Party:	Dutch Tax Authority
Legal Entity:	Niska Partners Coöperatief U.A.
Type of Tax:	Income tax
Years Under Review:	April 1, 2013 to March 31, 2015
Likely Outcome:	No change

SCHEDULE 5.13

Subsidiaries; Other Equity Investments; Information Regarding Loan Parties

PART A

Subsidiaries of Swan Equity Sub-Aggregator LP and Swan GP LLC

Rockpoint Gas Storage Partners LP
Rockpoint US GP LLC
Rockpoint GS Holdings I, LP
Rockpoint Gas Storage US, LLC
Rockpoint Midstream LLC
Rockpoint Gas Storage LLC
Rockpoint Gas Storage US Finance Corp.
Salt Plains Storage, LLC
Rockpoint Partners Management US Inc.
Starks Gas Storage L.L.C.
Coastal Bend Gas Storage, LLC
Rockpoint Gas Storage Management LLC
Rockpoint Gas Storage Canada Ltd.
Rockpoint Canada GP ULC
AECO Gas Storage Partnership
Rockpoint Gas Storage Canada Finance Corp.
Access Gas Services Inc.
Access Gas Services (Ontario) Inc.
EnerStream Agency Services Inc.
Wild Goose Storage, LLC

Subsidiaries of BIF II CalGas (Delaware) LLC
Lodi Gas Storage, L.L.C.

Subsidiaries of BIF II Tres Palacios Aggregator (Delaware) LLC
BIF II Tres Palacios Storage (Delaware) LLC

BIF II Tres Palacios Storage Sub (Delaware) LLC

Equity Investments

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Rockpoint US GP LLC	Rockpoint Gas Storage Partners LP	sole membership interest	N/A
Rockpoint GS Holdings I, LP	Rockpoint Gas Storage Partners LP	limited partnership interest - 99.999%	N/A
Rockpoint Gas Storage Management LLC	Rockpoint Gas Storage Partners LP	sole membership interest	N/A
Rockpoint GS Holdings I, LP	Rockpoint US GP LLC	general partnership interest - 0.001%	N/A
Rockpoint Gas Storage US, LLC	Rockpoint GS Holdings I, LP	sole membership interest	N/A
Rockpoint Gas Storage LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Midstream LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Gas Storage US Finance Corp.	Rockpoint Gas Storage LLC	1000 Common Stock Shares	N/A
Salt Plains Storage, LLC	Rockpoint Gas Storage LLC	sole membership interest	N/A
Rockpoint Partners Management US Inc.	Rockpoint Gas Storage LLC	1000 Common Stock Shares	N/A

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Starks Gas Storage L.L.C.	Rockpoint Gas Storage LLC	sole membership interest	N/A
Coastal Bend Gas Storage, LLC	Rockpoint Gas Storage LLC	sole membership interest	N/A
Rockpoint Gas Storage Canada Ltd.	Rockpoint Gas Storage Partners LP	181,328,136 common shares	7
AECO Gas Storage Partnership	Rockpoint Gas Storage Canada Ltd.	partnership interest - 99.999%	N/A
AECO Gas Storage Partnership	Rockpoint Canada GP ULC	partnership interest - 0.001%	N/A
Rockpoint Gas Storage Canada Finance Corp.	Rockpoint Gas Storage Canada Ltd.	1,000 Class A Common shares	3AC
Access Gas Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares and 1,000 Preferred Shares	A-7 3-P
Access Gas Services (Ontario) Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	2
EnerStream Agency Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	2
Lodi Gas Storage, L.L.C.	BIF II CalGas (Delaware) LLC	partnership interest - 100%	N/A
Wild Goose Storage, LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Gas Storage Partners LP	Swan Equity Sub-Aggregator LP	partnership interest - 99.999%	N/A
Rockpoint Gas Storage Partners LP	Swan GP LLC	partnership interest - 0.001%	N/A

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Rockpoint Canada GP ULC	Rockpoint Gas Storage Canada Ltd.	10,000 common shares	3C
Tres Palacios Holdings LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	membership interest	N/A
BIF II Tres Palacios Storage (Delaware) LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	sole membership interest	N/A

PART B

Equity Investments

BIF II Tres Palacios Aggregator (Delaware) LLC owns 49.99% of the Equity Interests issued by Tres Palacios Holdings LLC.

PART C

Information Regarding Loan Parties

Company Name	Jurisdiction of Organization	Chief Executive Office	Tax Identification Number (or Organizational Number)
Swan Equity Sub-Aggregator LP	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Swan GP LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage Partners LP	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Wild Goose Storage, LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Lodi Gas Storage, L.L.C.	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint US GP LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint GS Holdings I, LP	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]

Company Name	Jurisdiction of Organization	Chief Executive Office	Tax Identification Number (or Organizational Number)
Rockpoint Gas Storage US, LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage US Finance Corp.	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Salt Plains Storage, LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Partners Management US Inc.	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Starks Gas Storage L.L.C.	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Coastal Bend Gas Storage, LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Midstream LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]

Company Name	Jurisdiction of Organization	Chief Executive Office	Tax Identification Number (or Organizational Number)
Rockpoint Gas Storage Canada Ltd.	Alberta, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Canada GP ULC	Alberta, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
AECO Gas Storage Partnership	Alberta, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage Canada Finance Corp.	Alberta, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Access Gas Services Inc.	British Columbia, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Access Gas Services (Ontario) Inc.	Ontario, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
EnerStream Agency Services Inc.	Ontario, Canada	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
BIF II CalGas (Delaware) LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]

Company Name	Jurisdiction of Organization	Chief Executive Office	Tax Identification Number (or Organizational Number)
BIF II Tres Palacios Aggregator (Delaware) LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]
Rockpoint Gas Storage Management LLC	Delaware	400 - 607 8th Ave SW Calgary, AB T2P 0A7	[redacted]

SCHEDULE 10.02

Administrative Agent's Office; Certain Addresses for Notices

ADMINISTRATIVE AGENT:

Administrative Agent's Office

(for payments and Requests for Credit Extensions):

Swan Equity Aggregator LP
c/o Brookfield Infrastructure Group Bermuda Limited
73 Front Street
Hamilton HM 12
Bermuda

ANY BORROWER OR ANY OTHER LOAN PARTY:

400 - 607 8th Ave SW
Calgary, AB T2P 0A7

Attention: Darren Soice
Telephone: 403-513-8622
Telecopier: n/a
and
Attention: Jason Dubchak
Telephone: (403) 513-8647
Telecopier: 1 (866) 208-6397

GUARANTY

THIS GUARANTY (this "Guaranty"') is made and effective as of December 22, 2016, by (i) Niska Gas Storage Partners L.P., a Delaware limited partnership ("Borrower"), and (ii) each of the other entities listed on the signature pages hereof or that become parties hereto pursuant to the Credit Agreement or that become parties hereto pursuant to Section 12 hereof (each an "Affiliate Guarantor" and collectively with Borrower, the "Guarantors"), in favor of each Agent, each Lender and each other Person to which any Obligation (as each such term is defined in the Credit Agreement referred to below) is owed (each, a "Guaranteed Party" and, collectively, the "Guaranteed Parties").

RECITALS:

WHEREAS, the Borrower, SWAN EQUITY AGGREGATOR LP, an Ontario limited partnership, as Administrative Agent, and the Lenders have entered into a Credit Agreement dated as of even date herewith (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Credit Agreement"), pursuant to which the Lenders have agreed to make certain loans to Borrower;

WHEREAS, the Borrower is a member of an affiliated group of companies that includes each Affiliate Guarantor;

WHEREAS, the proceeds of the extensions of credit to the Borrower under the Credit Agreement will provide the Borrower with funds to enable the Borrower to fund working capital shortfalls that are not otherwise funded with cash on hand or other credit facilities of the Borrower;

WHEREAS, each Guarantor will derive substantial direct or indirect benefits from the making of the Loans under the Credit Agreement; and

WHEREAS, it is a condition precedent to the obligation of the Lenders to extend such credit under the Credit Agreement that each Guarantor shall have executed and delivered this Guaranty for the benefit of the Guaranteed Parties.

NOW, THEREFORE, in consideration of the premises, the terms and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENTS:

Section 1. Definitions. Reference is hereby made to the Credit Agreement for all purposes. All terms used in this Guaranty that are defined in the Credit Agreement and not otherwise defined herein shall have the same meanings when used herein. All references herein to any Loan Document or other document or instrument refer to the same as from time to time amended, supplemented or restated. As used herein, the following terms shall have the following meanings:

"Additional Guarantor" has the meaning given to such term in Section 12.

"Affiliate Guarantor" has the meaning set forth in the recitals of this Guaranty.

"Bankruptcy Code" means the Title 11 of the United States Code.

"Borrower" has the meaning set forth in the recitals of this Guaranty.

"Credit Agreement" has the meaning set forth in the recitals of this Guaranty.

"Guaranteed Obligations" means with respect to a Guarantor, the Obligations of all Loan Parties (other than the Obligations of such Guarantor).

"Guaranteed Party" has the meaning set forth in the introductory paragraph of this Guaranty.

"Guarantor" has the meaning set forth in the introductory paragraph of this Guaranty.

"Guaranty" has the meaning set forth in the introductory paragraph of this Guaranty.

"Net Worth" has the meaning given to such term in Section 3.

"Obligors" means the Borrower, each Guarantor, any Loan Party and any other endorsers, guarantors or obligors, primary or secondary, of any or all of the Guaranteed Obligations.

Section 2. Guaranty.

(a) Each Guarantor hereby absolutely, unconditionally and irrevocably guarantees, jointly with the other Guarantors and severally, as primary obligor and not merely as surety, the full and punctual payment and performance when due and in the currency due, whether at stated maturity or earlier, by reason of acceleration, mandatory prepayment or otherwise in accordance herewith or any other Loan Document, of all of the Guaranteed Obligations, whether or not from time to time reduced or extinguished (other than by reason of the payment thereof) or hereafter increased or incurred, whether or not recovery may be or hereafter may become barred by any statute of limitations, whether or not enforceable as against Borrower, whether now or hereafter existing, and whether due or to become due, including principal (including therein interest that has been capitalized and added to the principal amount of the Loans outstanding in accordance with Section 2.05(d) of the Credit Agreement), interest (including interest at the contract rate applicable upon default accrued or accruing after the commencement of any proceeding under the Bankruptcy Code or any applicable provisions of comparable state or foreign law, whether or not such interest is an allowed claim in such proceeding), fees and costs of collection. This Guaranty constitutes a guaranty of payment and performance and not merely of collection.

(b) Each Guarantor further agrees that, if any payment made by Borrower, a Guarantor, or any other Person and applied to the Guaranteed Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, then, to the extent of such payment or repayment, any such Guarantor's liability hereunder shall be and remain in full force and effect, as fully as if such payment had never been made. If, prior to any of the foregoing, this Guaranty shall have been cancelled or surrendered, this Guaranty shall be reinstated in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair or otherwise affect the obligations of such Guarantor in respect of the amount of such payment. Any transfer by subrogation which is made as contemplated in Section 7 prior to any such payment or payments shall be (regardless of the terms of such transfer) automatically voided upon the making of any such payment or payments, and all rights so transferred shall thereupon revert to and be vested in the Guaranteed Parties. If either Borrower or any other Obligor shall for any reason fail to perform promptly any Guaranteed Obligation as and when such Guaranteed Obligation shall become due and, in the case of a payment obligation, payable (whether by stated maturity, acceleration or otherwise), each Guarantor will jointly with the other Guarantors and severally forthwith, upon demand by Administrative Agent, on behalf of the Guaranteed Parties, cause such Guaranteed Obligation to be performed or, if specified by Administrative Agent, provide sufficient funds, in such amount and manner as Administrative Agent shall in good faith

determine, for the prompt, full and faithful performance of such Guaranteed Obligation by Administrative Agent or such other Person as Administrative Agent shall designate.

(c) Any term or provision of this Guaranty or any other Loan Document to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations for which any Guarantor shall be liable shall not exceed the maximum amount for which such Guarantor can be liable without rendering this Guaranty or any other Loan Document, as it relates to such Guarantor, subject to avoidance under applicable Law relating to fraudulent conveyance or fraudulent transfer (including Section 548 of the Bankruptcy Code or any applicable provisions of any other applicable Debtor Relief Law) (collectively, "Fraudulent Transfer Laws"), in each case after giving effect (i) to all other liabilities of such Guarantor, contingent or otherwise, that are relevant under such Fraudulent Transfer Laws and (ii) to the value of assets of such Guarantor (as determined under the applicable provisions of such Fraudulent Transfer Laws) after giving effect to any rights to subrogation, contribution, reimbursement, indemnity or similar rights held by such Guarantor pursuant to (A) applicable requirements of Law, (B) Section 3 of this Guaranty or (C) any other contractual obligations providing for an equitable allocation among the Guarantors and other Subsidiaries or Affiliates of Borrower of the Guaranteed Obligations.

Section 3. Contribution.

(a) To the extent that any Guarantor shall be required hereunder to pay a portion of the Guaranteed Obligations exceeding the greater of (i) the amount of the economic benefit actually received by such Guarantor from the Loans and the other financial accommodations provided to Borrower and other Loan Parties under the Loan Documents and (ii) the amount such Guarantor would otherwise have paid if such Guarantor had paid the aggregate amount of the Guaranteed Obligations (excluding the amount thereof repaid by Borrower for which it is primarily liable as borrower) in the same proportion as such Guarantor's Net Worth at the date enforcement is sought hereunder bears to the aggregate Net Worth of all the Loan Parties at the date enforcement is sought hereunder, then such Guarantor shall be reimbursed by such other Loan Parties for the amount of such excess, pro rata, based on the respective Net Worth of such other Guarantors at the date enforcement hereunder is sought. As used in this Section 3, the "Net Worth" of each Loan Party means, at any time, the remainder of (x) the fair value of such Guarantor's assets (other than any rights to contribution), minus (y) the fair value of such Loan Party's liabilities (other than its liabilities under its guaranty of the Guaranteed Obligations).

Section 4. Unconditional Guaranty.

(a) No action which any Guaranteed Party may take or omit to take in connection with any of the Loan Documents, any of the Guaranteed Obligations, and no course of dealing of any Guaranteed Party with any Obligor or any other Person, shall release or diminish any Guarantor's obligations, liabilities, agreements or duties hereunder, affect this Guaranty in any way, or afford any Guarantor any recourse against any Guaranteed Party, regardless of whether any such action or inaction may increase any risks to or liabilities of any Guaranteed Party or any Obligor. Without limiting the foregoing, each Guarantor hereby expressly agrees that each Guaranteed Party may, from time to time, without notice to (except as contemplated hereby or by any other Loan Document) or the consent of such Guarantor, do any or all of the following, in each case, in accordance with the terms of the Loan Documents:

(i) amend, change or modify, in whole or in part, any one or more of the other Loan Documents (except an amendment to a Loan Document to which a Guarantor is a party to the extent such amendment requires the consent of such Guarantor) and give or refuse to give any waivers or other indulgences with respect thereto;

(ii) neglect, delay, fail, or refuse to take or prosecute any action for the collection or enforcement of any of the Guaranteed Obligations, to foreclose or take or prosecute any action in connection with any Loan Document, to bring suit against any Obligor or any other Person, or to take any other action concerning the Guaranteed Obligations or the Loan Documents;

(iii) accelerate, change, rearrange, extend, or renew the time, rate, terms, or manner for payment or performance of any one or more of the Guaranteed Obligations (whether for principal, interest, fees, expenses, indemnifications, affirmative or negative covenants, or otherwise);

(iv) compromise or settle any unpaid or unperformed Guaranteed Obligation or any other obligation or amount due or owing, or claimed to be due or owing, under any one or more of the Loan Documents;

(v) discharge, release, substitute or add any Obligor; or

(vi) apply all monies received from Obligors or others as the Guaranteed Parties may determine to be in their best interest, without in any way being required to apply all or any part of such monies upon any particular Guaranteed Obligations.

(b) Except pursuant to a transaction permitted by the Credit Agreement or any other Loan Document, no action or inaction of any Obligor or any other Person, and no change of Law or circumstances, shall release or diminish any Guarantor's obligations, liabilities, agreements, or duties hereunder, affect this Guaranty in any way, or afford any Guarantor any recourse against any Guaranteed Party. Without limiting the foregoing, each Guarantor, to the fullest extent permitted by applicable Law, hereby waives any defense of a surety or guarantor or any other obligor on any obligations arising in connection with or in respect of any of the following and hereby unconditionally and irrevocably agrees that its obligations under this Guaranty are absolute and unconditional and shall not be released, diminished, impaired, reduced, or affected by the occurrence of any or all of the following from time to time, even if occurring without notice to or without the consent of such Guarantor:

(i) any voluntary or involuntary liquidation, dissolution, sale of all or substantially all assets, marshalling of assets or liabilities, receivership, conservatorship, assignment for the benefit of creditors, insolvency, bankruptcy, reorganization, arrangement, or composition of any other Obligor or any other proceedings involving any other Obligor or any of the assets of any other Obligor under Debtor Relief Laws or other Laws for the protection of debtors, or any discharge, impairment, modification, release, or limitation of the liability of, or stay of actions or lien enforcement proceedings against, any other Obligor, any properties of any other Obligor, or the estate in bankruptcy of any other Obligor in the course of or resulting from any such proceedings;

(ii) the failure by any Guaranteed Party to file or enforce a claim in any proceeding described in the immediately preceding subsection or to take any other action in any proceeding to which any other Obligor is a party;

(iii) the release by operation of Law of any other Obligor from any of the Guaranteed Obligations or any other obligations to any Guaranteed Party;

(iv) the invalidity, deficiency, illegality, or unenforceability of any of the Guaranteed Obligations of any other Obligor or any other Loan Document, in whole or in part, any bar by any statute of limitations or other Law of recovery on any of the Guaranteed Obligations of any other Obligor, or any defense or excuse of any other Obligor for failure to perform on account of force

majeure, act of God, casualty, impossibility, impracticability, or other defense or excuse whatsoever, other than payment;

(v) the absence of any attempt to collect the Guaranteed Obligations or any part of them from any Obligor, or other action to enforce the same;

(vi) any Guaranteed Party's election, in any proceeding instituted under Chapter 11 of the Bankruptcy Code, of the application of Section 1111 (b)(2) of the Bankruptcy Code or any applicable provisions of any other Debtor Relief Law;

(vii) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of any Guaranteed Party's claim (or claims) for repayment of the Guaranteed Obligations;

(viii) any use of cash collateral under Section 363 of the Bankruptcy Code;

(ix) any agreement or stipulation as to the provision of adequate protection in any bankruptcy proceeding;

(x) any requirement of Law affecting any term of any Guarantor's obligations under this Guaranty;

(xi) the failure of any other Obligor or any other Person to sign any guaranty or other instrument or agreement within the contemplation of any other Obligor, or any Guaranteed Party;

(xii) the fact that such Guarantor may have incurred directly part of the Guaranteed Obligations or is otherwise primarily liable therefor; or

(xiii) without limiting any of the foregoing, any fact or event (whether or not similar to any of the foregoing) which in the absence of this provision would or might constitute or afford a legal or equitable discharge or release of or defense to a guarantor or surety other than the actual payment and performance by such Guarantor under this Guaranty.

(c) Administrative Agent, on behalf of the Guaranteed Parties, may invoke the benefits of this Guaranty before pursuing any remedies against any Obligor or any other Person for the payment or performance of any of the Guaranteed Obligations. Administrative Agent, on behalf of the Guaranteed Parties, may maintain an action against any Guarantor on this Guaranty without joining any other Obligor therein and without bringing a separate action against any other Obligor.

(d) This is a continuing guaranty and shall apply to and cover all Guaranteed Obligations, whether now existing or in the future, and renewals and extensions thereof and substitutions therefor from time to time.

Section 5. Waiver.

(a) Each Guarantor hereby waives, with respect to the Guaranteed Obligations, this Guaranty and the other Loan Documents (in each case, except as otherwise contemplated by any Loan Document):

(i) notice of the incurrence of any Guaranteed Obligation by any Obligor, and notice of any kind concerning the assets, liabilities, financial condition, creditworthiness, businesses, prospects, or other affairs of any Obligor (it being understood and agreed that: (i) such Guarantor

shall take full responsibility for informing itself of such matters, (ii) no Guaranteed Party shall have any responsibility of any kind to inform such Guarantor of such matters, and (iii) each Guaranteed Party is hereby authorized to assume that such Guarantor, by virtue of its relationships with Obligors which are independent of this Guaranty, has full and complete knowledge of such matters whenever the Guaranteed Parties extend credit to any Obligor or take any other action which may change or increase such Guarantor's liabilities or losses hereunder);

(ii) notice that any Guaranteed Party, any Obligor or any other Person has taken or omitted to take any action under any Loan Document or any other agreement or instrument relating thereto or relating to any Guaranteed Obligation;

(iii) notice of acceptance of this Guaranty and all rights of such Guarantor under any Law discharging such Guarantor from liability hereunder for failure to sue on this Guaranty;

(iv) default, demand, presentment for payment, and notice of default, demand, dishonor, nonpayment or nonperformance; and

(v) notice of intention to accelerate the Guaranteed Obligations, notice of acceleration of the Guaranteed Obligations, diligence, promptness, protest and notice of protest, notice of acceptance, notice of any exercise of remedies (as described in the following Section 6 or otherwise) and any other notice in respect of the Guaranteed Obligations or any part of them, and any defense arising by reason of any disability or other defense of any Obligor (other than the payment in full of the Guaranteed Obligations).

Section 6. Exercise of Remedies. The Administrative Agent is the "Administrative Agent" and the Collateral Agent is the "Collateral Agent" for each Guaranteed Party under the Credit Agreement and the other Loan Documents, including this Guaranty. All rights granted to Administrative Agent or Collateral Agent under or in connection with this Guaranty are for each Guaranteed Party's ratable benefit. Administrative Agent or Collateral Agent may, without the joinder of any other Guaranteed Party, exercise any rights in Administrative Agent's, Collateral Agent's or Guaranteed Parties' favor under or in connection with this Guaranty. Administrative Agent's or Collateral Agent's and each Guaranteed Party's rights and obligations vis-a-vis each other may be subject to one or more separate agreements between those parties. However, no Guarantor is required to inquire about any such agreement, nor is any Guarantor subject to any terms thereof unless such Guarantor specifically enters into such agreement. Therefore, except to the extent expressly set forth therein, neither any Guarantor nor any Guarantor's successors or assigns is entitled to any benefits or provisions of any such separate agreement to which such Guarantor is not a party, or entitled to rely upon or raise as a defense any party's failure or refusal to comply with the provisions of any such agreement. Accordingly, Administrative Agent or Collateral Agent, on behalf of the Guaranteed Parties, shall have the right to enforce, from time to time, in any order and at Administrative Agent's or Collateral Agent's Permitted Discretion, any rights, powers and remedies which Administrative Agent, Collateral Agent or the Guaranteed Parties may have under, and in accordance with, the Loan Documents or otherwise, including judicial foreclosure, the exercise of rights of power of sale, the taking of a deed or assignment in lieu of foreclosure, the exercise of remedies against personal property, or the enforcement of any assignment of leases, rentals, oil or gas production, or other properties or rights, whether real or personal, tangible or intangible; and each Guarantor shall be liable to the Guaranteed Parties hereunder for any deficiency resulting from the exercise by Administrative Agent or Collateral Agent, on behalf of the Guaranteed Parties, of any such right or remedy even though any rights that such Guarantor may have against Borrower, any other Obligor or others may be destroyed or diminished by exercise of any such right or remedy. No failure on the part of any Guaranteed Party to exercise, and no delay in exercising, any right hereunder or under any other Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right preclude any other or further exercise thereof or the exercise of any

other right. The rights, powers and remedies of each Guaranteed Party provided herein and in the other Loan Documents are cumulative and are in addition to, and not exclusive of, any other rights, powers or remedies provided by Law or in equity. The rights of the Guaranteed Parties hereunder are not conditional or contingent on any attempt by any Guaranteed Party to exercise any of its rights or exhaust any recourse under any other Loan Document against any Obligor or any other Person.

Section 7. Limited Subrogation.

(a) Until all of the Loans and other amounts due under the Credit Agreement have been paid and performed in full and all Commitments terminated, no Guarantor shall have any right to exercise any right of subrogation, reimbursement, indemnity, exoneration, contribution or any other claim which it may now or hereafter have against or to any Obligor in connection with this Guaranty (including any right of subrogation under any Law, as amended), and each Guarantor hereby waives any rights to enforce any remedy which such Guarantor may have against Borrower or any other Obligor until such time. If any amount shall be paid to any Guarantor on account of any such subrogation or other rights or any such other remedy at any time when all of the Loans and other amounts due under the Credit Agreement shall not have been paid in full, such amount shall be held in trust by such Guarantor for the benefit of the Guaranteed Parties, shall be segregated from the other funds of such Guarantor and shall forthwith be paid over to Administrative Agent in the same form as so received (with any necessary endorsement or arrangement) to be then or at any time thereafter applied in whole or in part by Administrative Agent against all or any portion of the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents.

(b) If any Guarantor shall make payment to Administrative Agent of all or any portion of the Guaranteed Obligations and if all of the Loans and other amounts due under the Credit Agreement shall be paid in full and all Commitments terminated, Administrative Agent will, at such Guarantor's request and expense, execute and deliver to such Guarantor (without recourse, representation or warranty) appropriate documents necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment by such Guarantor; provided that such transfer shall be subject to Section 2(b) above and that without the consent of Administrative Agent (which Administrative Agent may withhold in its discretion) such Guarantor shall not have the right to be subrogated to any claim or right against any Obligor if: (i) such Obligor has become owned by any Guaranteed Party or the ownership of such Obligor has otherwise changed in the course of enforcement of the Loan Documents, or (iii) Administrative Agent has otherwise released or wishes to release such Obligor from its Guaranteed Obligations.

Section 8. Successors and Assigns. No Guarantor's rights or obligations hereunder may be assigned or delegated except pursuant to a transaction permitted by the Credit Agreement or any other Loan Document, and this Guaranty and such obligations shall pass to and be fully binding upon the successors of such Guarantor. This Guaranty shall apply to and inure to the benefit of each Guaranteed Party and its successors or permitted assigns. Without limiting the generality of the immediately preceding sentence, each Guaranteed Party may, to the extent and in the manner provided for in the Credit Agreement, assign, grant a participation in, or otherwise transfer any Guaranteed Obligation held by it or any portion thereof, and each Guaranteed Party may, to the extent and in the manner provided for in the Credit Agreement, assign or otherwise transfer its rights or any portion thereof under any Loan Document, to any other Person, and such other Person shall thereupon become entitled to all of the benefits in respect thereof granted to such Guaranteed Party hereunder unless otherwise expressly provided by such Guaranteed Party in connection with such assignment or transfer.

Section 9. Subordination and Offset. Except as not otherwise prohibited by the Credit Agreement, each Guarantor hereby subordinates and makes inferior to the Guaranteed Obligations any and

all Indebtedness now or at any time hereafter owed by Borrower or any other Obligor to such Guarantor. Each Guarantor agrees that upon the occurrence and during the continuation of any Event of Default and upon receipt of notification from the Administrative Agent of its intent to exercise remedies, it will not permit Borrower or such Obligor to repay such Indebtedness or any part thereof or accept payment from Borrower or such Obligor of such Indebtedness or any part thereof without the prior written consent of the Required Lenders or except as may be expressly permitted by the Credit Agreement. If any Guarantor receives any such payment without the prior written consent of the Required Lenders, the amount so paid shall be held by such Guarantor in trust for the benefit of the Guaranteed Parties, shall be segregated from the other funds of such Guarantor, and shall forthwith be paid over to Administrative Agent to be then or at any time thereafter applied in whole or in part by Administrative Agent against all or any portions of the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms of the Loan Documents. Each Guarantor hereby grants to the Guaranteed Parties a right of offset to secure the payment of the Guaranteed Obligations and such Guarantor's obligations and liabilities hereunder, which right of offset shall be upon any and all monies, securities and other property (and the proceeds therefrom) of such Guarantor now or hereafter held or received by or in transit to any Guaranteed Party from or for the account of such Guarantor, whether for safekeeping, custody, pledge, transmission, collection or otherwise, and also upon any and all deposits (general or special), credits and claims of such Guarantor at any time existing against any Guaranteed Party. Upon the occurrence and during the continuation of any Event of Default, the Administrative Agent is hereby authorized at any time and from time to time, without notice to any Guarantor, to offset to the fullest extent permitted by Law, appropriate and apply any and all items hereinabove referred to against the Guaranteed Obligations and such Guarantor's obligations and liabilities hereunder irrespective of whether or not such Guaranteed Party shall have made any demand under this Guaranty and although such obligations and liabilities may be contingent or unmatured. Each Guaranteed Party agrees promptly to notify each Guarantor after any such offset and application made by such Guaranteed Party, provided that the failure to give such notice shall not affect the validity of such offset and application. The rights of the Guaranteed Parties under this section are in addition to, and shall not be limited by, any other rights and remedies (including other rights of offset) which any Guaranteed Party may have.

Section 10. Representations and Warranties. Each Guarantor hereby represents and warrants to each Guaranteed Party that the representations and warranties in the Credit Agreement and the other Loan Documents insofar as they apply to such Guarantor are true and correct in all material respects (with no duplication of any materiality qualifier).

Section 11. Covenants. Each Guarantor hereby agrees to observe and comply with each of the covenants and agreements made in the Credit Agreement, insofar as they refer to such Guarantor, or the assets, obligations, conditions, agreements, business, or actions of such Guarantor, as one of the Loan Parties, or to the Loan Documents to which such Guarantor is a party.

Section 12. No Oral Change; Amendments; Guaranty Supplements. No amendment of any provision of this Guaranty shall be effective unless it is in writing and signed by each Guarantor and Administrative Agent, and no waiver of any provision of this Guaranty, and no consent to any departure by any Guarantor therefrom, shall be effective unless it is in writing and signed by Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In addition, all such amendments and waivers shall be effective only if given with the necessary approvals of the Lenders as required under the Credit Agreement. Upon the execution and delivery by any Person of a guaranty supplement in substantially the form of Exhibit A hereto (each, a "Guaranty Supplement"), (i) such Person shall be referred to as an "Additional Guarantor" and shall become and be a Guarantor hereunder, and each reference in this Guaranty to a "Guarantor" shall also mean and be a reference to such Additional Guarantor, and each reference in any other Loan Document to a "Guarantor" or a "Loan Party" shall also mean and be a reference to such Additional Guarantor, and (ii)

each reference herein to "this Guaranty," "hereunder," "hereof" or words of like import referring to this Guaranty, and each reference in any other Loan Document to the "Guaranty," "thereunder," "thereof" or words of like import referring to this Guaranty, shall mean and be a reference to this Guaranty as supplemented by such Guaranty Supplement.

Section 13. Invalidity of Particular Provisions. If any term or provision of this Guaranty shall be determined to be illegal or unenforceable all other terms and provisions hereof shall nevertheless remain effective and shall be enforced to the fullest extent permitted by applicable Law.

Section 14. Headings and References. The headings used herein are for purposes of convenience only and shall not be used in construing the provisions hereof. The words "this Guaranty," "this instrument," "herein," "hereof," "hereby" and words of similar import refer to this Guaranty as a whole and not to any particular subdivision unless expressly so limited. The phrases "this section" and "this subsection" and similar phrases refer only to the subdivisions hereof in which such phrases occur. The word "or" is not exclusive, and the word "including" (in its various forms) means "including without limitation." Pronouns in masculine, feminine and neuter genders shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

Section 15. Term and Release. This Guaranty shall be irrevocable until all of the Loans and other amounts due under the Credit Agreement have been paid and performed in full (other than indemnity obligations that survive the termination of this Guaranty for which no notice of claims has been received by any Guarantor), the Commitment has terminated, and Guaranteed Parties have no obligation to make any loans or other advances to Borrower or any other Obligor; provided, in each case, this Guaranty shall thereafter be subject to reinstatement as provided in Section 2(b). All extensions of credit and financial accommodations heretofore or hereafter made by any Guaranteed Party to any Obligor pursuant to the Credit Agreement shall be conclusively presumed to have been made in acceptance hereof and in reliance hereon. Any Guarantor may be released from the Guaranteed Obligations hereunder in accordance with Sections 9.09(ii) and 10.01(a)(i) of the Credit Agreement.

Section 16. Notices. Any notice or communication required or permitted hereunder shall be given in the manner as provided in the Credit Agreement, addressed (a) to the Administrative Agent at the address listed in the Credit Agreement and (b) to each Guarantor at the address specified for such Guarantor on Schedule 10.02 to the Credit Agreement or to such other address or to the attention of such other individual as hereafter shall be designated in writing by the applicable party sent in accordance herewith.

Section 17. Interest. The Guaranteed Parties and Guarantors intend to contract in strict compliance with applicable usury Law from time to time in effect, and the provisions of the Credit Agreement limiting the interest for which Guarantors are obligated are expressly incorporated herein by reference. Whenever a rate of interest or other rate per annum hereunder is expressed or calculated on the basis of a year (the "deemed year") which contains fewer days than the actual number of days in the calendar year of calculation, such rate of interest or other rate shall be expressed as a yearly rate for purposes of the *Interest Act* (Canada) by multiplying such rate of interest or other rate by the actual number of days in the calendar year of calculation and dividing it by the number of days in the deemed year. The principle of deemed reinvestment of interest shall not apply to any interest calculation under this Guaranty; all interest payments to be made hereunder shall be paid without allowance or deduction for deemed reinvestment or otherwise, before and after demand, default and judgment. The rates of interest specified in this Guaranty are intended to be nominal rates and not effective rates and any interest calculated hereunder shall be calculated using the nominal rate method and not the effective rate method of calculation.

Section 18. Counterparts; Fax. This Guaranty may be executed in any number of counterparts, each of which when so executed shall be deemed to constitute one and the same Guaranty. This Guaranty may be validly executed and delivered by facsimile or other electronic transmission.

Section 19. Governing Law; Jurisdiction; Etc.

(a) Governing Law. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK.

(b) Submission to Jurisdiction. Each Guarantor irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty or in any other Loan Document shall affect any right that any Guaranteed Party may otherwise have to bring any action or proceeding relating to this Guaranty or any other Loan Document against any Guarantor or its properties in the courts of any jurisdiction.

(c) Waiver of Venue. Each Guarantor irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Guaranty or any other Loan Document in any court referred to in paragraph (b) of this Section. Each Guarantor hereby agrees that Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York shall apply to the Loan Documents and irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Service of Process. Each Guarantor consents to process being served in any action or proceeding of the nature referred to in paragraph (b) of this Section by mailing a copy thereof by registered or certified mail to such Guarantor at its address set forth in Section 16. Each Guarantor agrees that such service of process (i) shall be deemed in every respect effective and binding service of process upon such Guarantor in any such action or proceeding and (ii) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon and personal delivery to such Guarantor. Nothing herein shall affect the right of any Guaranteed Party to serve process in any other manner permitted by law or shall limit the right of the Guaranteed Parties to bring proceedings against any Guarantor in the courts of any other jurisdiction.

(e) Waiver of Jury Trial. EACH GUARANTOR AND EACH GUARANTEED PARTY HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH GUARANTOR (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY GUARANTEED PARTY OR OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT ANY GUARANTEED PARTY OR OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B)

ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY AND THE OTHER LOAN DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 20. FINAL AGREEMENT. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR OR CONTEMPORANEOUS ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.

Section 21. Taxes. Section 3.01 of the Credit Agreement shall be applicable, *mutatis mutandis,* to all payments required to be made by any Guarantor under this Guaranty.

Section 22. Foreign Currency Guaranteed Obligations. The Guarantors shall make payment relative to each Guaranteed Obligation in Dollars (the "original currency"). If any Guarantor makes payment relative to any Guaranteed Obligation to the Guaranteed Parties in a currency (the "other currency") other than the original currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment shall constitute a discharge of the liability of the Guarantors hereunder in respect of such Guaranteed Obligation only to the extent of the amount of the original currency which the Guaranteed Parties are able to purchase with the amount of other currency they receive on the date of receipt in accordance with normal practice. If the amount of the original currency which the Guaranteed Parties are able to purchase is less than the amount of such currency originally due in respect of the relevant Guaranteed Obligation, the Guarantors shall indemnify and save the Guaranteed Parties harmless from and against any loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Guaranty, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Guaranteed Parties and shall continue in full force and effect notwithstanding any judgment or order in respect of any amount due hereunder or under any judgment or order.

Section 23. Limitation. Notwithstanding anything herein to the contrary, the guarantee of the Guaranteed Obligations by Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. pursuant to this Guaranty shall be ineffective to the extent such guarantee requires a consent not obtained from the CPUC pursuant to any Law.

(Remainder of Page Intentionally Left Blank; Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NISKA GAS STORAGE PARTNERS L.P.
By: Swan GP LLC, its general partner
By: Brookfield Infrastructure Fund GP II LLC, its sole manager

By:_____
Name: Fred Day
Title: Vice President

NISKA GAS STORAGE US LLC

By:_____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GS HOLDINGS I, L.P.
By: Niska US GP LLC, its general partner

By:_____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE LLC

By:_____
Name: Darren Soice
Title: Chief Investment Officer

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NISKA GAS STORAGE PARTNERS L.P.
By: Swan GP LLC, its general partner
By: Brookfield Infrastructure Fund GP II LLC, its sole manager

By:_____
Name: Fred Day
Title: Vice President

NISKA GAS STORAGE US LLC

By:_____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GS HOLDINGS I, L.P.
By: Niska US GP LLC, its general partner

By:_____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE LLC

By:_____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE US FINANCE CORP.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

SALT PLAINS STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

WILD GOOSE STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS TRANSPORT INC.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

STARKS GAS STORAGE L.L.C.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE MANAGEMENT LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA MIDSTREAM LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

NISKA US GP LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

COASTAL BEND GAS STORAGE, LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

LODI GAS STORAGE, L.L.C.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

BIF II CALGAS (DELAWARE) LLC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

BIF II TRES PALACIOS AGGREGATOR (DELAWARE) LLC

By:_____
Name: Darren Soice
Title: President

NISKA GAS STORAGE LTD.

By:_____
Name: Darren Soice
Title: Chief Investment Officer

NISKA CANADA GP ULC

By:_____
Name: Darren Soice
Title: Chief Investment Officer

NISKA GAS STORAGE CANADA FINANCE CORP.

By:_____
Name: Darren Soice
Title: Chief Investment Officer

AECO GAS STORAGE PARTNERSHIP
By: Niska Gas Storage Ltd., its managing partner

By:_____
Name: Darren Soice
Title: Chief Investment Officer

NISKA PARTNERS MANAGEMENT ULC

By: _____
Name: Darren Soice
Title: Chief Investment Officer

ACCESS GAS SERVICES INC.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

ACCESS GAS SERVICES (ONTARIO) INC.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

ENERSTREAM AGENCY SERVICES INC.

By: _____
Name: Darren Soice
Title: Chief Investment Officer

EXHIBIT A

FORM OF GUARANTY SUPPLEMENT

December 22, 2016

SWAN EQUITY AGGREGATOR LP
c/o Brookfield Infrastructure Group
1200 Smith Street, Suite 1200
Houston, TX 77002
Fax: (713) 951-0209
Attention: Fred Day

Re: Credit Agreement dated as of December 22, 2016 (as amended, supplemented, restated, increased, extended or otherwise modified from time to time, the "Credit Agreement"), among Niska Gas Storage Partners L.P., a Delaware limited partnership (the "Borrower"), SWAN EQUITY AGGREGATOR LP, an Ontario limited partnership, as Administrative Agent, and the Lenders party thereto.

Ladies and Gentlemen:

Reference is made to the Credit Agreement and to that certain Guaranty (as heretofore amended, supplemented, restated or otherwise modified, the "Original Guaranty": such Original Guaranty, as in effect on the date hereof and as it may hereafter be amended, supplemented, restated or otherwise modified from time to time, together with this Guaranty Supplement, being the "Guaranty") of even date therewith executed by Borrower, the other parties listed on the signature pages thereof and any other Additional Guarantors in favor of the Lender and each other Person to which any Obligation (as each such term is defined in the Credit Agreement referred to below) is owed (each a "Guaranteed Party" and collectively, the "Guaranteed Parties"). The capitalized terms defined in the Guaranty or in the Credit Agreement and not otherwise defined herein are used herein as therein defined.

Section 1. Guaranty.

(a) The undersigned (the "Additional Guarantor") hereby absolutely, unconditionally and irrevocably guarantees, jointly with the other Guarantors and severally, as primary obligor and not merely as surety, the full and punctual payment and performance when due and in the currency due, whether at stated maturity or earlier, by reason of acceleration, mandatory prepayment or otherwise in accordance herewith or any other Loan Document, of all of the Guaranteed Obligations, whether now or hereafter existing, and whether due or to become due, including principal, interest (including interest at the contract rate applicable upon default accrued or accruing after the commencement of any proceeding under the Bankruptcy Code or any applicable provisions of comparable state or foreign law, whether or not such interest is an allowed claim in such proceeding), fees and costs of collection. This Guaranty constitutes a guaranty of payment and performance and not merely of collection.

(b) The Additional Guarantor further agrees that, if any payment made by Borrower or any other Person and applied to the Guaranteed Obligations is at any time annulled, avoided, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, then, to the extent of such payment or repayment, the Additional Guarantor's liability hereunder shall be and remain in full force and effect, as fully as if such payment had never been made. If, prior to any of the foregoing, the Guaranty shall have been cancelled or surrendered, the Guaranty shall be reinstated in full force and effect, and such prior cancellation or surrender shall not diminish, release, discharge, impair

or otherwise affect the obligations of the Additional Guarantor in respect of the amount of such payment. Any transfer by subrogation which is made as contemplated in Section 7 of the Guaranty prior to any such payment or payments shall (regardless of the terms of such transfer) be automatically voided upon the making of any such payment or payments, and all rights so transferred shall thereupon revert to and be vested in the Guaranteed Parties. If either Borrower or any other Obligor shall for any reason fail to perform promptly any Guaranteed Obligation as and when such Guaranteed Obligation shall become due and, in the case of a payment obligation, payable (whether by stated maturity, acceleration or otherwise), the Additional Guarantor will jointly with the other Guarantors and severally forthwith, upon demand by Administrative Agent, on behalf of the Guaranteed Parties, cause such Guaranteed Obligation to be performed or, if specified by Administrative Agent, provide sufficient funds, in such amount and manner as Administrative Agent shall in good faith determine, for the prompt, full and faithful performance of such Guaranteed Obligation by Administrative Agent or such other Person as Administrative Agent shall designate.

(c) Any term or provision of the Guaranty or any other Loan Document to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations for which the Additional Guarantor shall be liable shall not exceed the maximum amount for which the Additional Guarantor can be liable without rendering the Guaranty or any other Loan Document, as it relates to the Additional Guarantor, subject to avoidance under applicable law relating to fraudulent conveyance or fraudulent transfer (including Section 548 of the Bankruptcy Code or any applicable provisions of any other applicable Debtor Relief Law) (collectively, *"Fraudulent Transfer Laws"),* in each case after giving effect (i) to all other liabilities of the Additional Guarantor, contingent or otherwise, that are relevant under such Fraudulent Transfer Laws and (ii) to the value of assets of the Additional Guarantor (as determined under the applicable provisions of such Fraudulent Transfer Laws) after giving effect to any rights to subrogation, contribution, reimbursement, indemnity or similar rights held by the Additional Guarantor pursuant to (A) applicable requirements of Law, (B) Section 3 of the Guaranty or (C) any other contractual obligations providing for an equitable allocation among the Additional Guarantor and other Subsidiaries or Affiliates of Borrower of obligations arising under the Guaranty or other guaranties of the Guaranteed Obligations by such parties.

Section 2. Obligations Under the Guaranty. Pursuant to Section 12 of the Guaranty, the Additional Guarantor hereby agrees, as of the date first above written, to be bound as a Guarantor by all of the terms and conditions of the Guaranty to the same extent as each of the other Guarantors thereunder. The Additional Guarantor further agrees, as of the date first above written, that each reference in the Guaranty to an "Additional Guarantor," an "Affiliate Guarantor" or a "Guarantor" shall also mean and be a reference to the undersigned, and each reference in any other Loan Document to a "Guarantor" or a "Loan Party" shall also mean and be a reference to the undersigned.

Section 3. Delivery by Telecopier. Delivery of an executed counterpart of a signature page to this Guaranty Supplement by telecopier shall be effective as delivery of an original executed counterpart of this Guaranty Supplement.

Section 4. GOVERNING LAW. THIS GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK.

(Remainder of Page Intentionally Left Blank; Signature Page Follows)

IN WITNESS WHEREOF, the undersigned has caused this Guaranty Supplement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

Very truly yours,

[Name of additional guarantor]

By: _____

Print Name:_____

Print Title:_____

EXHIBIT JA-8

[PUBLIC VERSION]

INDENTURE

EXECUTION VERSION

ROCKPOINT GAS STORAGE PARTNERS LP,
as Parent,
and
ROCKPOINT GAS STORAGE CANADA LTD.
as Issuer,

AND EACH OF THE GUARANTORS PARTY HERETO

7.000% Senior Secured Notes Due 2023

_____

INDENTURE

Dated as of February 14, 2018

_____

THE BANK OF NEW YORK MELLON
as Trustee and U.S. Notes Collateral Agent

BNY TRUST COMPANY OF CANADA
as Canadian Notes Collateral Agent

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Exhibit D	FORM OF CERTIFICATE OF ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR
Exhibit E	FORM OF SUPPLEMENTAL INDENTURE

INDENTURE, dated as of February 14, 2018, among Rockpoint Gas Storage Canada Ltd. (the "*Issuer*"), Rockpoint Gas Storage Partners LP ("*Parent*"), the California Utility Guarantors (as defined herein), the Guarantors (as defined herein, and together with the Issuer and California Utility Guarantors , but not to any of their respective Subsidiaries that are not Guarantors, the "*Obligors*"), The Bank of New York Mellon, as Trustee (as defined herein) and as collateral agent in the United States (the "*U.S. Notes Collateral Agent*"), and BNY Trust Company of Canada, as collateral agent in Canada (the "*Canadian Notes Collateral Agent*", and together with the U.S. Notes Collateral Agent, the "*Notes Collateral Agents*").

WHEREAS, the Issuer has duly authorized the creation of its 7.000% Senior Secured Notes due 2023 (the "*Notes*");

WHEREAS, the Guarantors have duly authorized their respective Note Guarantees (as defined herein) of the Notes; and

WHEREAS, all things necessary to make the Notes, when each is duly issued and executed by the Issuer, and authenticated and delivered hereunder, the valid obligations of the Issuer, to make the Note Guarantees the valid and binding obligations of the Guarantors, and to make this Indenture a valid and binding agreement of each of the Issuer and the Guarantors, have been done.

NOW, THEREFORE, each party hereto agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders (as defined herein):

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 *Definitions.*

"*144A Global Note*" means a Global Note, substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend, and each deposited with or on behalf of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes of the Issuer sold in reliance on Rule 144A.

"*2019 notes*" means the approximately $219.2 million in aggregate principal amount of 6.500% senior notes due 2019 issued by the Issuer and Rockpoint Gas Storage Canada Finance Corp., which are expected to be redeemed in connection with the Transactions.

"*ABL Collateral Agent*" means Royal Bank of Canada and any successor thereof in such capacity under the Credit Agreement.

"*ABL Debt*" means:

(1) Indebtedness (including letters of credit and reimbursement obligations with respect thereto) and other obligations incurred by the ABL Loan Parties under or in respect of the Credit Agreement and/or secured by the ABL Security Documents;

(2) any other Indebtedness of the ABL Loan Parties that is intended by the Issuer to be secured by Liens that are equal and ratable with the ABL Debt; *provided* that, in the case of any Indebtedness referred to in this clause (2):

(a) on or before the date on which such Indebtedness is incurred by the ABL Loan Parties, such Indebtedness is designated by the Issuer, in accordance with the terms and conditions of the Intercreditor Agreement, as constituting the Credit Agreement for the purposes of the Intercreditor Agreement; and

(b) the ABL Representative of such Indebtedness becomes a party to the Intercreditor Agreement in accordance with the requirements thereof; and

(3) guarantees by any Guarantor in respect of any of the obligations described in the foregoing clauses (1) and (2).

"*ABL Documents*" means, collectively, the Credit Agreement, the Intercreditor Agreement and the indenture, credit agreement or other agreement governing other ABL Debt and the security documents related to the foregoing.

"*ABL Loan Parties*" means, collectively, Parent, AECO Gas Storage Partnership, Swan Equity Sub-Aggregator LP, Swan GP LLC and the other guarantors from time to time party to the Credit Agreement.

"*ABL Representative*" means, (1) in the case of the Credit Agreement, the ABL Collateral Agent and (2) in the case of any other ABL Debt, the agent or representative of the holders of such ABL Debt who is appointed as a representative of such ABL Debt (for purposes related to the administration of the applicable security documents related thereto) pursuant to the Credit Agreement or other agreement governing such ABL Debt.

"*ABL Security Documents*" means all security agreements, pledge agreements, control agreements, collateral assignments, mortgages, deeds of trust, security deeds, deeds to secure debt, hypothecs, collateral agency agreements, debentures or other instruments, pledges, grants or transfers for security or agreements related thereto executed and delivered by the Issuer or any Guarantor creating or perfecting (or purporting to create or perfect) a Lien upon Collateral (including, without limitation, financing statements under the Uniform Commercial Code or PPSA, as applicable) in favor of the ABL Representative, for the benefit of any of the holders of ABL Debt, in each case, as amended, modified, restated, supplemented or replaced, in whole or in part, from time to time, in accordance with its terms and the applicable ABL Documents subject to the terms of the Intercreditor Agreement, as applicable.

"*Account*" has the meaning as defined in the Uniform Commercial Code and/or the PPSA, as applicable.

"*Acquired Debt*" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged or amalgamated with or into or became a Subsidiary of such specified Person or otherwise becomes a Guarantor, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging or amalgamating with or into, or becoming a Restricted Subsidiary of, such specified Person or otherwise becoming a Guarantor; *provided*, *however*, that Indebtedness of such acquired Person which is redeemed, defeased, retired or otherwise repaid at the time of or immediately upon consummation of the transactions by which such Person merges or amalgamates with or into or becomes a Subsidiary of such Person or otherwise becomes a Guarantor shall not be Acquired Debt; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"*Additional Notes*" means additional Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02, 2.13, 4.09 and 4.12 hereof, as part of the same series as the Initial Notes.

"*Affiliate*" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" have correlative meanings.

"*Agent*" means any Registrar, co-registrar, Paying Agent or additional paying agent.

"*Applicable Premium*" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; and

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at March 31, 2020 (such redemption price being set forth in the table appearing in Section 3.01(c) hereof) plus (ii) all required interest payments due on the Note through March 31, 2020 (excluding accrued but unpaid interest, if any, to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over

(b) the principal amount of the Note.

"*Applicable Procedures*" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

"*Asset Sale*" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights by an Obligor or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Group taken as a whole will be governed by Section 4.15 and/or, in the case of Parent or the Issuer, Section 5.01 hereof and not by Section 4.10 hereof; and

(2) the issuance of Equity Interests by any of an Obligor's Restricted Subsidiaries or the sale by an Obligor or any of such Obligor's Restricted Subsidiaries of Equity Interests in any of such Obligor's Restricted Subsidiaries (other than directors' qualifying shares or shares required by applicable law to be held by a Person other than an Obligor or a Restricted Subsidiary of an Obligor) or a Joint Venture.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involve assets having a Fair Market Value of less than $15.0 million and not exceeding $30.0 million in the aggregate in any fiscal year;

(2) a transfer of assets between or among the Obligors and their Restricted Subsidiaries; *provided* that any transfer of Fixed Asset Collateral from an Obligor or Guarantor to a Restricted Subsidiary that is not a Guarantor will not result in a release of such Collateral;

(3) an issuance of Equity Interests by a Restricted Subsidiary of an Obligor to an Obligor or to a Restricted Subsidiary of an Obligor;

(4) the sale, lease or other transfer or discount of products, services or accounts receivable in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business (including the assignment, cancellation or abandonment or other disposition of intellectual property that is, in the reasonable judgment of the applicable Obligor, no longer economically practicable to maintain or useful in any material respect in the conduct of the business of such Obligor and its Restricted Subsidiaries taken as whole);

(5) grants of leases, subleases, licenses and sublicenses in the ordinary course of business;

(6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by Section 4.12 hereof;

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate Section 4.07 hereof or a Permitted Investment;

(10) dispositions of Investments or receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceeds and exclusive of factoring or similar arrangements;

(11) the sale of an Unrestricted Subsidiary;

(12) the sale or other disposition of Equity Interests of, or an issuance of Equity Interests by, an Unrestricted Subsidiary;

(13) the sale of Permitted Investments (other than sales of Equity Interests of any of an Obligor's Restricted Subsidiaries) made by an Obligor or any of its Restricted Subsidiaries after the date of this Indenture, if such Permitted Investments were (a) received in exchange for, or purchased out of the net cash proceeds of the sale (other than to a Subsidiary of an Obligor) of, Equity Interests of an Obligor (other than Disqualified Stock) or (b) received in the form of, or were purchased from the proceeds of, a contribution of common equity capital to an Obligor;

(14) grants of Capital Stock of an Obligor or its Restricted Subsidiaries or options or other rights to acquire shares of Capital Stock of an Obligor or its Restricted Subsidiaries (or issuances of Capital Stock of an Obligor or its Restricted Subsidiaries upon the exercise of such options or other rights) made to employees or directors under Section 4.11(b)(1) hereof having an aggregate Fair Market Value of $10.0 million in any fiscal year;

(15) licenses and sublicenses by an Obligor or any of its Restricted Subsidiaries of software or intellectual property in the ordinary course of business;

(16) foreclosure or similar action with respect to any property or other asset;

(17) condemnations on or the taking by eminent domain of property or assets; and

(18) the lease, assignment or sub-lease of any real or personal property in the ordinary course of business.

"Bankruptcy Code" means Title 11 of the United States Code, as amended.

"*Bankruptcy Law*" means (i) Title 11, U.S. Code or any similar federal or state law for the relief of debtors and (ii) any of the BIA, the CCAA, and the Winding-Up and Restructuring Act (Canada), each as now and hereafter in effect, any successors to such statutes and similar federal, provincial or territorial law in Canada.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time (other than any right conditioned upon the occurrence of events or circumstances outside such person's control). The terms "Beneficially Owns" and "Beneficially Owned" have a corresponding meaning.

"BIA" means the Bankruptcy and Insolvency Act (Canada) as from time to time in effect in Canada, as amended.

"*Board of Directors*" means:

(1) with respect to a corporation (including an unlimited liability company), the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership (or the board of the partnership or Persons performing similar functions);

(3) with respect to a limited liability company, the Board of Directors of the managing member, if the managing member is an entity (or the board of the limited liability company or Persons performing similar functions), or the managing member or members or any controlling committee of managing members thereof, if the managing members are individuals; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means any day other than a Legal Holiday.

"*California Public Utilities Commission Approval*" means any necessary regulatory approvals from the California Public Utilities Commission (1) authorizing the Note Guarantees provided by the California Utility Guarantors under this Indenture and (2) authorizing the California Utility Guarantors to grant security interests in all of their Collateral (including assets, equipment, facilities, gas, contractual or other rights) that is subject to the jurisdiction of the California Public Utilities Commission, in favor of the Holders.

"*California Utility Guarantors*" means Lodi Gas Storage LLC and Wild Goose Storage, LLC.

"*Canadian Notes Collateral Agent*" means BNY Trust Company of Canada, and any successor thereto.

"*Capital Lease Obligation*" means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet prepared in accordance with GAAP as in effect on the issue date, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

"*Capital Stock*" means:

(1) in the case of a corporation (including an unlimited liability corporation), corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"*Cash Equivalents*" means:

(1) United States dollars or Canadian dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States or Canadian government or any agency or instrumentality of the United States or Canadian government (*provided*

that the full faith and credit of the United States or Canada is pledged in support of those securities) having maturities of not more than six months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic United States or Canadian commercial bank;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having one of the two highest ratings obtainable from Moody's or S&P and, in each case, maturing within six months after the date of acquisition;

(6) security deposits or cash collateral posted with a counterparty that is in excess of the minimum securitization required by the counterparty;

(7) preferred stock that is less than three months away from the redemption date; and

(8) money market funds the assets of which primarily constitute Cash Equivalents of the kinds described in clauses (1) through (7) of this definition.

"*CFC*" means any direct or indirect Subsidiary (i) that is a "controlled foreign corporation" as defined in Section 957 of the Code, or (ii) that owns (directly or indirectly) no material assets other than Equity Interests (or Equity Interests and debt interests) of one or more CFCs.

"*CCAA*" means the Companies' Creditors Arrangement Act (Canada) as from time to time in effect in Canada, as amended.

"*Change of Control*" means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Obligors and their Subsidiaries taken as a whole, to any Person (including any "person" (as that term is used in Section 13(d)(3) of the Exchange Act)) that is not a Permitted Holder; *provided* that a transaction where the holders of all classes of Voting Stock of Parent immediately prior to such transaction own, directly or indirectly, a majority of the aggregate voting power of all classes of Voting Stock of such Person immediately after such transaction will not be a Change of Control;

(2) the adoption of a plan relating to the liquidation or dissolution of Parent; or

(3) Permitted Holders cease to be the Beneficial Owners of more than 50% of the Voting Stock of Parent, measured by voting power rather than number of shares (without giving effect to Voting Stock held by Persons other than Permitted Holders, of which one or more Permitted Holders are deemed to be Beneficial Owners by virtue of being part of a "group" (as such term is used in Section 13(d)(3) of the Exchange Act) with such other Persons).

Notwithstanding the preceding, a conversion of an Obligor or any of its Restricted Subsidiaries from a limited partnership, corporation, limited liability company or other form of entity to a limited liability company, corporation, limited partnership or other form of entity or an exchange of all of the outstanding Equity Interests in one form of entity for Equity Interests in another form of entity shall not constitute a Change of Control, so long as following such conversion or exchange the "persons" (as that term is used in Section 13(d)(3) of the Exchange Act) who Beneficially Owned the Capital Stock of such Obligor or such Restricted Subsidiary immediately prior to such transactions continue to Beneficially Own in the aggregate

more than 50% of the Voting Stock of such entity, or continue to Beneficially Own sufficient Equity Interests in such entity or its general partner, as applicable, to elect a majority of its directors, managers, trustees or other persons serving in a similar capacity for such entity or its general partner, as applicable, and, in either case no "person," other than any Permitted Holder, Beneficially Owns more than 50% of the Voting Stock of such entity or its general partner, as applicable.

"*Clearstream*" means Clearstream Banking, S.A.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time.

"*Collateral*" means all assets, whether real, personal or mixed, upon which a lien is granted or purported to be granted to the ABL Representative, the Notes Collateral Agents or any representative of any other Fixed Asset Debt under any of the Fixed Asset Documents or ABL Documents.

"*combined*" means, when referred to in a financial definition or other financial measure or with respect to financial information on a "combined" basis (including with respect to the Group), that such information shall be determined on a combined basis in accordance with GAAP and after elimination of intercompany transactions.

"*Combined Cash Flow*" means, with respect to any Person (or, as applicable, the Group) for any period, the Combined Net Income of such Person for such period plus:

(1) an amount equal to any net loss realized by such Person or any of its Restricted Subsidiaries in connection with an Asset Sale, to the extent such losses were deducted in computing such Combined Net Income; plus

(2) provision for taxes based on income or profits of such Person or any of its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Combined Net Income; plus

(3) Fixed Charges to the extent deducted in computing such Combined Net Income; plus

(4) depreciation and amortization (including amortization of intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period), impairment and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person or any of its Restricted Subsidiaries for such period to the extent that such depreciation and amortization, impairment and other non-cash expenses were deducted in computing such Combined Net Income; plus

(5) non-cash losses resulting from foreign currency balance sheet adjustments required by GAAP to the extent such losses were deducted in computing such Combined Net Income; plus

(6) all extraordinary, unusual or non-recurring items of gain or loss, or revenue or expense; plus

(7) all adjustments of the nature used in connection with the calculation of "Adjusted EBITDA" as set forth in footnote (5) in the section entitled "Summary—Summary Historical and Pro Forma Combined Consolidated Financial Data" in the Offering Memorandum to the extent adjustments of such nature continue to be applicable during the period in which Combined Cash Flow is being calculated; minus

(8) non-cash items increasing such Combined Net Income for such period, other than items that were accrued in the ordinary course of business,

in each case, on a combined basis and determined in accordance with GAAP.

"*Combined Net Income*" means, with respect to any Person (or, as applicable, the Group) for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a combined basis, determined in accordance with GAAP, *provided* that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included, but only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary of the Person; *provided* that with respect to any Joint Venture, the aggregate Net Income of such Joint Venture will be included to the extent of an Obligor's or its Restricted Subsidiary's percent ownership of such Joint Venture so long as the declaration or payment of dividends or similar distributions by such Joint Venture of that Net Income is at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Joint Venture or its stockholders, partners or members;

(2) the Net Income of any Restricted Subsidiary (other than the Issuer) that is not a Guarantor will be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its stockholders, partners or members;

(3) the cumulative effect of a change in accounting principles will be excluded;

(4) unrealized losses and gains under derivative instruments included in the determination of Combined Net Income, including, without limitation those resulting from the application of FASB ASC 815 will be excluded;

(5) any nonrecurring charges relating to any premium or penalty paid, write off of deferred finance costs or other charges in connection with redeeming or retiring any Indebtedness prior to its Stated Maturity will be excluded; and

(6) any impairment charge or asset write-off or write-down, including those pursuant to Financial Accounting Standards Board Statement No. 142 will be excluded.

"*Combined Net Tangible Assets*" means, with respect to any Person (or, as applicable, the Group) at any date of determination, the aggregate amount of total assets included in such Person's most recent quarterly or annual combined balance sheet prepared in accordance with GAAP less applicable reserves reflected in such balance sheet, after deducting all goodwill, trademarks, patents, unamortized debt discounts and expenses and other like intangibles reflected in such balance sheet.

"*Commercial Tort Claim*" has the meaning as defined in the Uniform Commercial Code.

"*Commodity Account*" has the meaning as defined in the Uniform Commercial Code.

"*Contribution Proceeds*" means the net proceeds received in connection with any sale or other disposition of Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) an Obligor or a Restricted Subsidiary of an Obligor, in each case where:

(1) all such net proceeds are used to purchase or otherwise acquire Capital Stock of an Obligor or a Restricted Subsidiary of an Obligor or is contributed as common equity capital to another Obligor or a Restricted Subsidiary of an Obligor simultaneously with the consummation of such sale or other disposition;

(2) the consideration received for such sale or other disposition is at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such transaction) of the Equity Interests sold or otherwise disposed of; and

(3) at least 75% of the consideration received for such sale or other disposition is in the form of cash or Cash Equivalents (with the items set forth in subclauses (A), (B), (C) and (D) of Section 4.10 deemed to be cash for purposes of this provision).

"*Corporate Trust Office of the Trustee*" will be at the address of the Trustee specified in Section 14.01 hereof or such other address as to which the Trustee may give notice to the Issuer.

"*Countess Facility*" means the natural gas storage facility located in south central Alberta, Canada and having, as of December 22, 2016, two storage reservoirs with a total capacity of approximately 70.5 Bcf, and associated compressors, compressor sites, pipeline headers, pipelines and other related equipment and buildings.

"*CPUC*" means the California Public Utilities Commission.

"*Credit Agreement*" means that certain ABL credit agreement dated as of December 22, 2016, among Rockpoint Gas Storage Partners LP (formerly known as Niska Gas Storage Partners L.P.), as U.S. borrower, AECO Gas Storage Partnership, as Canadian borrower, Swan Equity Sub-Aggregator LP and Swan GP LLC, as parent affiliates, Royal Bank of Canada, as administrative agent and collateral agent, and the financial institutions party thereto, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part with a Credit Facility from time to time.

"*Credit Facilities*" means, one or more credit facilities with commercial banks engaged in asset-based lending in the ordinary course of their respective businesses, and includes any investment bank, insurance company, credit union, savings and loan association which from time to time extends credit on terms and conditions similar to any of the foregoing (including, without limitation, any Credit Agreement, but excluding the Unsecured Revolving Credit Agreement or the Existing Promissory Notes or any refinancing or replacement thereof), in each case, in the commercial bank credit facility market not involving debt securities or similar instruments providing for revolving credit loans, term loans, term debt (which, for the avoidance of doubt, will not include debt securities) or letters of credit, in each case, as amended, restated, modified, renewed, extended, increased, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced in whole or in part from time to time in the commercial bank credit facility market not involving debt securities or similar instruments.

"*Current Asset Collateral*" means the Collateral limited to the following:

(1) all Accounts and all other rights to payment, whether such rights to payment constitute payment intangibles, letter-of-credit rights or any other classification of property, or are evidenced in whole or in part by instruments, chattel paper or documents, other than Accounts which constitute identifiable Proceeds which arise from the sale, license, assignment or other disposition of Fixed Asset Collateral;

(2) all inventory (other than Cushion Gas) and Hedge Positions;

(3) all cash, money and Cash Equivalents and all Deposit Accounts, Securities Accounts, Commodity Accounts and all other demand, deposit, securities, collection, lockbox, cash management or similar Accounts and any cash, Cash Equivalents, Securities Entitlements, investment property or other assets credited to or deposited in or credited to any such Accounts (other than in each case (i) Equity Interests in any Subsidiary or Affiliate and (ii) identifiable cash proceeds which arise from the sale, license, assignment or other disposition of Fixed Asset Collateral);

(4) to the extent evidencing, securing, involving, governing or otherwise related to any of the items referred to in the preceding clauses (1) through (3), all documents, documents of title, general intangibles and intangibles, instruments (including promissory notes and except to the extent relating to the sale,

license, assignment or other disposition of Fixed Asset Collateral), letter of credit rights, all chattel paper, but excluding any Equity Interests of Subsidiaries or Affiliates and intellectual property);

(5) to the extent evidencing, governing or relating to any of the items referred to in the preceding clauses (1) through (4), all Supporting Obligations and Commercial Tort Claims and other claims and causes of action;

(6) all books and Records relating to the foregoing; and

(7) all proceeds, products, accessions to, substitutions, replacements for, rents and profits in respect of any of the foregoing, including cash, money, instruments (having the meaning as defined in the Uniform Commercial Code or the PPSA, as in effect from time to time), securities (having the meaning as defined in the Uniform Commercial Code or the PPSA, as in effect from time to time), financial assets (having the meaning as defined in the Uniform Commercial Code or the PPSA, as in effect from time to time), Deposit Accounts, Securities Accounts and insurance payments directly received as proceeds of any Current Asset Collateral.

"*Cushion Gas*" means the volume of gas needed as a permanent non-cycling inventory to maintain adequate reservoir pressures and deliverability rates at a Natural Gas Storage Facility.

"*Custodian*" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"*Customary Recourse Exceptions*" means, with respect to any Non-Recourse Debt of an Unrestricted Subsidiary, exclusions from the exculpation provisions with respect to such Non-Recourse Debt for the voluntary bankruptcy of such Unrestricted Subsidiary, fraud, misapplication of cash, environmental claims, waste, willful destruction and other circumstances customarily excluded by lenders from exculpation provisions or included in separate indemnification agreements in non-recourse financings.

"*Deemed Capitalized Leases*" means obligations of an Obligor or any of its Restricted Subsidiaries that are classified as "capital lease obligations" under GAAP due to the application of ASC Topic 840 or any subsequent pronouncement having similar effect and, except for such regulation or pronouncement, such obligation would not constitute a Capital Lease Obligation.

"*Default*" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"*Definitive Note*" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Article II hereof, substantially in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"*De Minimis Guaranteed Amount*" means a principal amount of Indebtedness that does not exceed $5.0 million.

"*Deposit Account*" has the meaning as defined in the Uniform Commercial Code or "Account" as defined in the PPSA, as applicable.

"*Depositary*" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

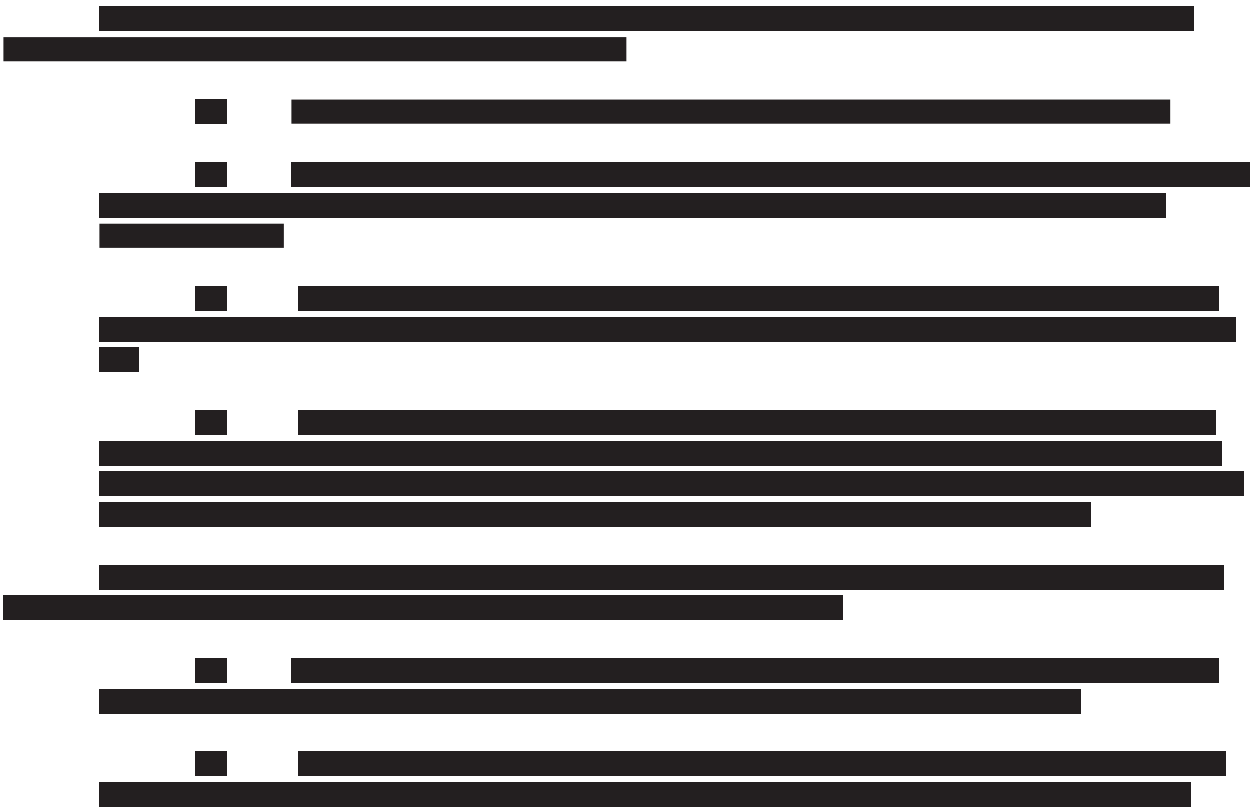
"*Designated Non-cash Consideration*" means the Fair Market Value of non-cash consideration received by an Obligor or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as "Designated Non-cash Consideration" pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the

amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-cash Consideration.

"*Disqualified Stock*" means (a) in the case of an Obligor or any of its Restricted Subsidiaries, any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable for cash, pursuant to a sinking fund obligation or otherwise, or redeemable for cash at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is ninety-one (91) days after the date on which the Notes mature and (b) in the case of any Restricted Subsidiary of an Obligor, any other Capital Stock other than any common equity with no preferences, privileges, and no cash redemption or repayment provisions. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale will not constitute Disqualified Stock if (x) the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07 hereof or (y) the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock prior to purchase of the Notes by an Obligor as is required to be purchased pursuant to the provisions of this Indenture and incentive distribution rights shall not constitute Disqualified Stock solely by virtue of the right of the holder thereof to require repurchase thereof upon removal of the general partner of Parent without cause. The amount of Disqualified Stock deemed to be outstanding at any time for purposes of this Indenture will be the maximum amount that the Obligors and their Restricted Subsidiaries may become obligated to pay upon the maturity of, or pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Euroclear*" means Euroclear Bank, S.A./N.V., as operator of the Euroclear system.



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"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder.

"Excluded Accounts" means the deposit, securities and commodities accounts of the Issuer and each Guarantor that are either (x) payroll, withholding tax or other fiduciary accounts or (y) other accounts as long as the aggregate balance for the Issuer and the Guarantors collectively in all such other accounts does not exceed $5.0 million at any one time.

"Excluded Assets" include the following assets and property, without limitation:

(1) any interest in leased real property;

(2) any fee interest in owned real property if the Fair Market Value of such fee interest is less than $1.0 million;

(3) any property or asset to the extent that the grant of security interest in such property or asset is prohibited by contract, applicable law, rule or regulation or requires a consent not obtained of any third party or governmental authority (excluding the CPUC) pursuant to any contract, applicable law, rule or regulation; *provided* the Issuer or the applicable Guarantor (x) has used commercially reasonable efforts to obtain such consent from such applicable governmental authority and (y) such consent has not been obtained from any such governmental authority pursuant to any such law; *provided, further*, upon receipt of the required consent of such governmental authority the property described above shall no longer qualify as Excluded Assets;

(4) (i) prohibited by any law without the consent of the CPUC, and (ii) such consent has not been obtained from the CPUC pursuant to any such law; *provided* upon receipt of the required consent of the CPUC the property described above shall no longer qualify as Excluded Assets;

(5) those assets that would constitute Collateral but as to which the ABL Collateral Agent (in the case of Current Asset Collateral) does not require a lien or security interest;

(6) any contract, license, lease, agreement, instrument or other document to the extent that such grant of a security interest therein is (i) prohibited by, or constitutes a breach or default under, or results in the termination of, or requires any consent not obtained under, such contract, license, lease, agreement, instrument or other document, or, in the case of any equity interests or other securities, any applicable shareholder or similar agreement or (ii) otherwise constitutes or results in the abandonment, invalidation or unenforceability of any right, title or interest of the Issuer or any Guarantor under such contract, license, lease, agreement, instrument or other document, except, in each case, to the extent that applicable law or the term in such contract, license, lease, agreement, instrument or other document or shareholder or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable law or purports to prohibit the granting of a security interest over all or a material portion of assets of the Issuer or any Guarantor; *provided*, *however*, that the foregoing exclusions shall not apply to the extent that any such prohibition, default or other term would be rendered ineffective pursuant to applicable law or principles of equity; *provided*, *further*, that the security interest shall attach immediately to any portion of such property that does not result in any of the consequences specified above including, without limitation, any proceeds of such property;

(7) any assets or property of the Issuer or any Restricted Subsidiary that is subject to a Lien securing Indebtedness permitted to be incurred pursuant to Section 4.09(b)(4) to the extent the documents relating to such Lien would not permit such assets or property to be subject to the Liens created under the Security Documents; *provided* that immediately upon the termination of any such restriction, such assets or property shall cease to be an "Excluded Asset;"

(8) any vehicles and any other assets subject to certificate of title;

(9) any intellectual property, including any United States intent-to-use trademark applications, to the extent and for so long as the creation of a security interest therein would invalidate the Issuer's or a Guarantor's right, title or interest therein;

(10) assets to the extent a security interest in such assets would result in costs or consequences (including adverse tax consequences (including as a result of the operation of Section 956 of the Code or any similar law, rule or regulation in any applicable jurisdiction)) as reasonably determined by the Issuer in writing delivered to the Notes Collateral Agents with respect to the granting or perfecting of a security interest that is excessive in view of the benefits to be obtained by the Holders;

(11) in excess of 66% of the interests in any limited liability company, partnership, corporation or other Person, including distributions and dividends thereon and any other interests in any Person, in each case, to the extent such Person is a CFC;

(12) interests in Tres Palacios Holdings LLC and BIF II Tres Palacios Storage (Delaware) LLC;

(13) Excluded Accounts;

(14) letters of credit rights with a value not in excess of $10 million (except for letter of credit rights that can be perfected by the filing of a Uniform Commercial Code financing statement);

(15) Commercial Tort Claims with a value not in excess of $10 million; and

(16) proceeds and products from any and all of the foregoing excluded items in clauses (1) through (15), unless such proceeds or products would otherwise constitute Collateral;

provided, however, that Excluded Assets will not include (a) any proceeds, substitutions or replacements of any Excluded Assets referred to in clause (3) above (unless such proceeds, substitutions, or replacements would otherwise constitute Excluded Assets) or (b) any asset of the Issuer or the Guarantors that secures obligations with respect to the Credit Agreement.

"*Existing Indebtedness*" means all Indebtedness of the Group (on a combined basis) in existence on the date of this Indenture, until such amounts are repaid, excluding Indebtedness under the Credit Agreement or the Unsecured Revolving Credit Agreement or Permitted Brookfield Subordinated Indebtedness.

"Existing Promissory Notes" means that certain 8.25% Promissory Note, as defined in the Offering Memorandum, of the Issuer and Rockpoint Gas Storage Canada Finance Corp. due October 1, 2026, that certain 8.40% Promissory Note, as defined in the Offering Memorandum, of Parent due October 1, 2026, and those certain 0% promissory notes of the Issuer due May 16, 2020, August 29, 2023 and September 30, 2023.

"*Fair Market Value*" means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress or necessity of either party, determined in good faith by Parent (unless otherwise provided in this Indenture).

"*FASB ASC 815*" means Financial Accounting Standards Board Accounting Standards Codification Topic No. 815, Derivatives and Hedging.

"*Fitch*" means Fitch Ratings, Inc. or any successor to the rating agency business thereof.

"*Fixed Asset Collateral*" means all Collateral other than Current Asset Collateral and all collateral security and guarantees with respect to the Fixed Asset Collateral and all proceeds, products, accessions to, substitutions, replacements for, rents and profits in respect of any of the foregoing.

"*Fixed Asset Debt*" means:

(1) Indebtedness represented by the Notes initially issued by the Issuer under this Indenture on the issue date;

(2) [Reserved];

(3) any other Indebtedness of the Issuer or any Guarantor (including Additional Notes but, for the avoidance of doubt, excluding ABL Debt) that is intended by the Issuer to be secured equally and ratably with the Fixed Asset Obligations by a Fixed Asset Lien that is permitted to be incurred and secured by a Fixed Asset Lien under this Indenture; *provided* that in the case of any Indebtedness referred to in this clause (3), the Fixed Asset Representative of such Indebtedness becomes a party to the Intercreditor Agreement in accordance with the terms thereof; and

(4) guarantees by any Guarantor in respect of any of the obligations described in the foregoing clauses (1) through (3).

"*Fixed Asset Documents*" means, collectively, the Note Documents and the indenture, any credit agreement or other agreement governing other Fixed Asset Debt and the security documents related to the foregoing.

"*Fixed Asset Lien*" means a Lien granted to either of the Notes Collateral Agents or other Fixed Asset Representative under any Fixed Asset Debt for the benefit of the holders thereof, at any time, upon the Collateral to secure Fixed Asset Obligations.

"*Fixed Asset Obligations*" means Fixed Asset Debt and all other obligations in respect thereof.

"*Fixed Asset Representative*" means (1) the Notes Collateral Agents, in the case of the Notes, and (2) in the case of any other series of Fixed Asset Debt, the trustee, agent or representative of the holders of such series of Fixed Asset Debt who is appointed as a representative of such series of Fixed Asset Debt (for purposes related to the administration of the applicable security documents related thereto) pursuant to the indenture, any credit agreement or other agreement governing such series of Fixed Asset Debt.

"*Fixed Asset Security Documents*" means all security agreements, pledge agreements, control agreements, collateral assignments, mortgages, deeds of trust, security deeds, deeds to secure debt, hypothecs, collateral agency agreements, debentures or other instruments, pledges, grants or transfers for security or agreements related thereto executed and delivered by the Issuer or any Guarantor creating or perfecting (or purporting to create or perfect) a Lien upon Collateral (including, without limitation, financing statements under the Uniform Commercial Code) in favor of a Fixed Asset Representative on behalf of the holders of Fixed Asset Obligations to secure such obligations, in each case, as amended, modified, restated, supplemented or replaced, in whole or in part, from time to time, in accordance with its terms and the applicable Fixed Asset Documents subject to the terms of the Intercreditor Agreement.

"*Fixed Charge Coverage Ratio*" means with respect to any Person (or, as applicable, the Group) for any four-quarter reference period, the ratio of the Combined Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, defeases or otherwise discharges or redeems any Indebtedness

(other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the applicable four-quarter reference period and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Calculation Date*"), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance of other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of such period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries or by any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, including through mergers, consolidations or otherwise (including acquisitions of assets used in a Permitted Business and increases in ownership of Restricted Subsidiaries), and including in each case any related financing transactions (including repayment of Indebtedness) during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, will be given pro forma effect as if they had occurred on the first day of the four-quarter reference period, including any Combined Cash Flow and any pro forma expense and cost reductions that have occurred or are reasonably expected to occur, in the reasonable judgment of the chief financial or accounting officer of Parent (regardless of whether those cost savings or operating improvements could then be reflected in pro forma financial statements in accordance with Regulation S-X promulgated under the Securities Act or any other regulation or policy of the SEC related thereto);

(2) the Combined Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date; and

(4) interest income reasonably anticipated by such Person or any of its Restricted Subsidiaries to be received during the applicable four-quarter reference period from cash or Cash Equivalents held by such Person or any Restricted Subsidiary of such Person, which cash or Cash Equivalents exist on the Calculation Date or will exist as a result of the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio, will be included.

"*Fixed Charges*" means, with respect to any specified Person (or, as applicable, the Group) for any period, the sum, without duplication, of:

(1) the combined interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, but excluding cash or payment-in-kind interest on Indebtedness under the Unsecured Revolving Credit Agreement incurred under Section 4.09(b)(22)(a) or on any Permitted Brookfield Subordinated Indebtedness), and net of the effect of all payments made or received pursuant to interest rate Hedging Obligations; plus

(2) the combined interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such guarantee or Lien is called upon; plus

(4) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of a Parent Obligor (other than Disqualified Stock) or to a Parent Obligor or a Restricted Subsidiary of a Parent Obligor,

in each case, on a combined basis and in accordance with GAAP.

"*GAAP*" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time; *provided* that the Issuer may at any time elect by written notice to the Trustee to prepare financial statements in accordance with IFRS in lieu of GAAP for financial reporting purposes and, upon any such notice, references herein to GAAP shall thereafter be construed to mean (a) for periods beginning on and after the date specified in such notice, IFRS as in effect from time to time and (b) for prior periods, GAAP as defined in this definition prior to this proviso.

"*Global Note Legend*" means the legend set forth in Section 2.06(g)(2) hereof, which is required to be placed on all Global Notes issued under this Indenture.

"*Global Notes*" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes deposited with or on behalf of and registered in the name of the Depositary or its nominee, substantially in the form of Exhibit A hereto, that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, issued in accordance with Article II hereof.

"*Government Securities*" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States of America pledges its full faith and credit.

"*Group*" means each of the Obligors and their respective Restricted Subsidiaries, collectively.

"*Guarantee*" means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

"*Guarantors*" means BIF II CalGas (Delaware) LLC, BIF II Tres Palacios Aggregator (Delaware) LLC, Parent and each Restricted Subsidiary of Parent that executes this Indenture on the issue date (other than the Issuer) and any other Subsidiary of an Obligor that guarantees the Notes in accordance with the provisions of this Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of this Indenture.

"*Hedge Positions*" means all rights and positions held by any person to hedge the price risk of inventory pursuant to any contract, document, financial asset, instrument, investment property, chattel paper or otherwise.

"*Hedged Inventory Transaction*" means a transaction in which an Obligor or any of its Restricted Subsidiaries purchases Hydrocarbons or establishes a position using New York Mercantile Exchange or over-the-counter contracts to purchase Hydrocarbons, and within one (1) Business Day of such purchase transactions, either (1) establishes one or more positions using New York Mercantile Exchange or over-the-counter futures contracts to resell at a date after the delivery date of Hydrocarbons as so purchased, or (2) enters into a contract with that Person or another Person to resell at a date after such delivery date, a similar aggregate quantity and quality of Hydrocarbons as so purchased, and at an aggregate price equal to or greater than the Indebtedness incurred for the Hydrocarbons so purchased by such Obligor or such Restricted Subsidiary.

"*Hedging Obligations*" of any Person means the obligations of such Person under futures, swap, option, cap, collar, forward purchase or similar agreements or arrangements dealing with interest rates, currency exchange

rates or commodity prices, either generally or under specific contingencies, but excluding such obligations in connection with day-to-day inventory management activities.

"*Holder*" means the Person in whose name a Note is registered.

"*Hydrocarbons*" means crude oil, natural gas, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons and all constituents, elements or compounds thereof and products refined or processed therefrom.

"*IAI Global Note*" means a Global Note, substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend, each deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes of the Issuer sold to Institutional Accredited Investors.

"*IFRS*" means the International Financial Reporting Standards as endorsed by the International Accounting Standards Board.

"*Indebtedness*" means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments;

(3) in respect of banker's acceptances or letters of credit (other than obligations in respect of letters of credit securing obligations (other than obligations described in (1) or (2) above or (4) below) entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth Business Day following receipt by such Person or a demand for reimbursement);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed; or

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP, but excluding Deemed Capitalized Leases. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), but only to the extent of the lesser of (x) the Fair Market Value of the assets subject to such Lien, or (y) the amount of Indebtedness secured by such Lien and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. Indebtedness shall be calculated without giving effect to the effects of FASB ASC 815 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Indenture as a result of accounting for any embedded derivatives created by the terms of such Indebtedness.

Notwithstanding the preceding, "Indebtedness" of a Person shall not include:

(1) any indebtedness that has been defeased in accordance with GAAP or defeased and/or satisfied and discharged pursuant to the deposit of cash or Cash Equivalents (in an amount sufficient to satisfy all such indebtedness obligations at maturity or redemption, as applicable, and all payments of interest and premium, if any) in a trust or account created or pledged for the sole benefit of the holders of such indebtedness, and subject to no other Liens;

(2) any obligation of such Person in respect of a farm-in agreement or similar arrangement whereby such Person agrees to pay all or a share of the drilling, completion or other expenses of an exploratory or development well (which agreement may be subject to a maximum payment obligation, after which expenses are shared in accordance with the working or participation interest therein or in accordance with the agreement of the parties) or perform the drilling, completion or other operation on such well in exchange for an ownership interest in an oil or gas property; and

(3) any repayment or reimbursement obligation of such Person or any of its Restricted Subsidiaries with respect to Customary Recourse Exceptions, unless and until an event or circumstance occurs that triggers the Person's or such Restricted Subsidiary's direct repayment or reimbursement obligation (as opposed to contingent or performance obligations) to the lender or other Person to whom such obligation is actually owed, in which case the amount of such direct payment or reimbursement obligation shall constitute Indebtedness.

"*Indenture*" means this Indenture, as amended or supplemented from time to time.

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

"*Initial Purchasers*" means RBC Capital Markets, LLC, BMO Capital Markets Corp. and CIBC World Markets Corp.

"*Initial Notes*" means the first $400,000,000 in aggregate principal amount of Notes issued under this Indenture on the date hereof.

"*insolvency or liquidation proceeding*" means:

(1) any case commenced by or against the Issuer or any Guarantor under the Bankruptcy Code, BIA, CCAA or any similar federal, provincial or state law for the relief of debtors, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of the Issuer or any Guarantor, any receivership or assignment for the benefit of creditors relating to the Issuer or any Guarantor or any similar case or proceeding relative to the Issuer or any other Guarantor or its creditors, as such, in each case whether or not voluntary; or

(2) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to the Issuer or any Guarantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; *provided* that the liquidation or dissolution of any Subsidiary that is not prohibited by and does not require consent under any of the Fixed Asset Documents shall not be considered an insolvency or liquidation proceeding.

"*Institutional Accredited Investor*" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, which is not also a QIB. "*Intercreditor Agreement*" means that certain intercreditor agreement, dated as of the issue date, by and among the ABL Collateral Agent, the Notes Collateral Agents, the Issuer, the Guarantors and certain affiliates of the Parent from time to time party thereto, as may be amended, restated, supplemented or replaced, in whole or in part, from time to time.

"*Investment Grade Rating*" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's, BBB- (or the equivalent) by Fitch or S&P or an equivalent by any other Rating Agency.

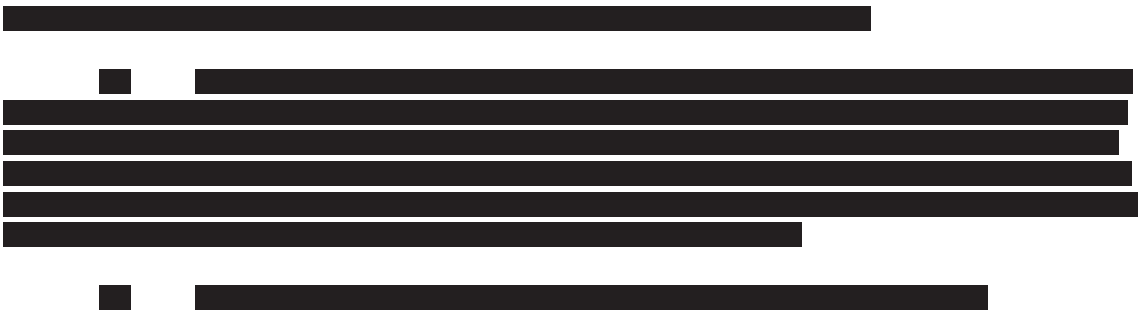
"*Investments*" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other secu-

rities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. Except as otherwise provided in this Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

"*issue date*" means February 14, 2018.

"*Joint Venture*" means any Person that is not a direct or indirect Subsidiary of an Obligor in which an Obligor or any of its Restricted Subsidiaries makes any Investment (*provided* that, for purposes of the proviso to clause (1) of the definition of Combined Net Income, the Obligors and their Restricted Subsidiaries own at least 20% of the Equity Interests of such Person on a fully diluted basis or control the management of such Person pursuant to a contractual agreement).

"*Legal Holiday*" means a Saturday, a Sunday or a day on which banking institutions (1) in the City of New York, the City of Calgary or the City of Toronto, (2) in the City in which the Corporate Trust Office of the Trustee is located or (3) at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.



"*Lien*" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement relating to a lien on an asset under the Uniform Commercial Code or the PPSA or equivalent statutes of any jurisdiction.

"*Moody's*" means Moody's Investors Service, Inc.

"*Natural Gas*" means any mixture of hydrocarbons or hydrocarbons and noncombustible gases, in a gaseous state, consisting primarily of methane.

"*Natural Gas Storage Facility*" means any Natural Gas storage facility now or hereafter owned, leased or utilized by any Obligor and operated by an Obligor, other than the NGPL Facility; *provided* that, for the avoidance of doubt, the Countess Facility and the Suffield Facility shall each be deemed to be a separate Natural Gas Storage Facility.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Subsidiaries; and

(2) any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss).

"*Net Proceeds*" means the aggregate cash proceeds and Cash Equivalents received by an Obligor or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (1) the costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees and discounts, and sales commissions, and any other fees and expenses, including relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, (2) distributions and other payments required to be made to minority interest holders in Subsidiaries or joint ventures as a result of such Asset Sale, (3) any relocation expenses and severance and associated costs, expenses and charges of personnel relating to the assets subject to or incurred as a result of the Asset Sale, (4) amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility, secured by a Lien on the asset or assets that were the subject of such Asset Sale other than Fixed Asset Collateral and (5) any reserve for adjustment or indemnification obligations in respect of the sale price of any asset or assets that were the subject of such Asset Sale established in accordance with GAAP.

"*NGPL Facility*" means the storage facilities owned or operated by Natural Gas Pipeline Company of America in respect of which the Obligors have rights to store Natural Gas pursuant to one or more contracts with Natural Gas Pipeline Company of America.

"*Non-Recourse Debt*" means Indebtedness:

(1) as to which neither an Obligor nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) is the lender, except for Customary Recourse Exceptions and except by the pledge of (or a Guarantee limited in recourse solely to) the Equity Interests of such Unrestricted Subsidiary or Joint Venture; and

(2) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Obligors or any of their Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary or a Joint Venture), except for Customary Recourse Exceptions.

For purposes of determining compliance with Section 4.09 hereof, in the event that any Non-Recourse Debt of any Obligor's Unrestricted Subsidiaries ceases to be Non-Recourse Debt of such Unrestricted Subsidiary, such event will be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of such Obligor.

"*Non-U.S. Person*" means a Person who is not a U.S. Person.

"*Note Documents*" means this Indenture, the Notes and the Security Documents.

"*Note Guarantee*" means the Guarantee by each Guarantor of the Issuer's obligations under this Indenture and the Notes.

"*Note Secured Parties*" means the Trustee, Notes Collateral Agents, the Holders and any successor or transferee of any of the foregoing.

"*Notes*" has the meaning assigned to it in the preamble to this Indenture. The Initial Notes and the Additional Notes shall be treated as a single class for all purposes under this Indenture, and unless the context otherwise requires, all references to the Notes shall include the Initial Notes and any Additional Notes; *provided* that, if the Additional Notes are not issued as part of a "qualified reopening" of the Initial Notes for U.S. federal income tax purposes or are otherwise treated as part of the same "issue" of debt instruments as the Initial Notes for U.S. federal income tax purposes, the Additional Notes will have a separate CUSIP, ISIN, or other identifying number.

"*Notes Collateral Agents*" means the U.S. Notes Collateral Agent and the Canadian Notes Collateral Agent, and any successor of each of the foregoing.

"*Obligations*" means any principal, premium, if any, interest (including interest accruing on or after the filing of any petition in bankruptcy or for reorganization, whether or not a claim for post-filing interest is allowed in such proceeding), penalties, fees, charges, expenses, indemnifications, reimbursement obligations, damages, guarantees, and other liabilities or amounts payable under the documentation governing any Indebtedness or in respect thereto.

"*Offering Memorandum*" means the Offering Memorandum, dated February 2, 2018, relating to the offering of the Initial Notes.

"*Officer*" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, the Controller, the Chief Investment Officer, the Secretary, any Assistant Secretary, any Vice President or director of such Person (or any person serving an equivalent function of the foregoing).

"*Officer's Certificate*" means with respect to any person, a certificate signed on behalf of the Person by an Officer of the Person, which, solely in respect of the Officer's Certificate required by Section 4.04(a) hereof, must be the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Person, that, if applicable, meets the requirements of Section 14.03 hereof.

"*Opinion of Counsel*" means an opinion reasonably acceptable to the Trustee from legal counsel that meets the requirements of Section 14.03 hereof. The counsel may be an employee of or counsel to Parent or any Subsidiary of Parent.

"Parent Obligors" means, with respect to any Obligors, only those Obligors that are not Subsidiaries of another Obligor.

"*Participant*" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"*Perfection Exception*" means, in connection with the Notes, the exception under which the Issuer and the Guarantors are not required to enter into control agreements with respect to, or otherwise perfect any security interest by "control" (or similar arrangements) over, Securities Accounts, Commodity Accounts or Deposit Accounts of the Issuer and the Guarantors.

"*Permitted Asset Swap*" means any disposition of assets by an Obligor or any of its Restricted Subsidiaries to any Person (other than an Obligor or any Subsidiary of an Obligor) in which at least 95% of the consideration received by such Obligor or such Obligor's Restricted Subsidiary consists of:

(1) all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary or is merged into or consolidated with an Obligor or any Restricted Subsidiary; and/or

(2) other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business;

provided that any consideration not constituting assets or property of a kind usable by an Obligor or its Restricted Subsidiaries in the Permitted Business received by an Obligor or any of its Restricted Subsidiaries in connection with any Asset Sale that constitutes a Permitted Asset Swap shall constitute Net Proceeds from an Asset Sale pursuant to Section 4.10 hereof and any assets or property received secure the Notes under the Security Documents to the extent the assets disposed of constituted Collateral.

"Permitted Brookfield Subordinated Indebtedness" means (a) the Existing Promissory Notes held by one or more Sponsors or their affiliates and (b) any other unsecured Indebtedness of an Obligor owed to one or more Sponsors so long as (i) such Indebtedness is expressly subordinated in right of payment to the Notes (or the relevant Note Guarantee) on terms not less favorable to the Holders in any material respect than the subordination terms for the Existing Promissory Notes in effect on the date of this Indenture and (ii) any interest payable by such Obligor on such Indebtedness may be deferred or paid, in either case at the discretion of such Obligor, and if paid, paid in cash or "in kind," with "in kind" interest being added to the principal amount of such Indebtedness and deferred interest bearing interest at the rate applicable to the principal amount of such Indebtedness; *provided* that, so long as a Default or Event of Default has occurred and is outstanding, interest payments on such Indebtedness shall be deferred or paid "in kind."

"*Permitted Business*" means either (1) purchasing, gathering, transporting, marketing, selling, distributing, storing or otherwise handling Hydrocarbons or activities or services reasonably related or ancillary thereto, including entering into Hedging Obligations to support these businesses or (2) any other business that generates gross income that constitutes "qualifying income" under Section 7704(d) of the Code.

"*Permitted Business Investments*" means Investments (other than in the form of a contribution of Fixed Asset Collateral) by an Obligor or any of its Restricted Subsidiaries in any Joint Venture; *provided* that:

(1) at the time of such Investment and immediately thereafter, such Obligor could incur $1.00 of additional Indebtedness under the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof;

(2) if such Joint Venture has outstanding Indebtedness at the time of such Investment, either (a) all such Indebtedness is Non-Recourse Debt or (b) any such Indebtedness of such Joint Venture that is recourse to an Obligor or any of its Restricted Subsidiaries (which shall include, without limitation, all Indebtedness of such Joint Venture for which an Obligor or any of its Restricted Subsidiaries may be directly or indirectly, contingently or otherwise, obligated to pay, whether pursuant to the terms of such Indebtedness, by law or pursuant to any guarantee, including, without limitation, any "claw-back," "make-well" or "keep-well" arrangement) could, at the time such Investment is made, be incurred at that time by such Obligor or its Restricted Subsidiaries under the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; and

(3) such Joint Venture's activities are not outside the scope of the Permitted Business.

"*Permitted Hedged Inventory Obligations*" means Indebtedness of an Obligor or any of its Restricted Subsidiaries under letters of credit, bankers' acceptances or borrowed money obligations, or in lieu of or in addition to such letters of credit or borrowed money, guarantees of such Indebtedness or other obligations of an Obligor or any of its Restricted Subsidiaries by an Obligor or any other Restricted Subsidiary of an Obligor, as applicable, related to a Hedged Inventory Transaction, *provided* that:

(1) if such Obligor or such Restricted Subsidiary has entered into such a contract to resell at a subsequent date, as distinguished from establishing a position using New York Mercantile Exchange or over-the-counter future contracts to resell at a subsequent date, (a) the Person with which such Obligor or such Restricted Subsidiary has such contract to sell has an Investment Grade Rating, or in lieu thereof, a Person guaranteeing the payment of such obligated Person has an Investment Grade Rating, or (b) such Person posts a letter of credit in favor of such Obligor or such Restricted Subsidiary with respect to such contract; and

(2) for the period commencing on the date such Obligor or such Restricted Subsidiary is obligated to take delivery of such Hydrocarbons so purchased by it and until and including the date on which delivery to the purchaser is fulfilled, such Obligor or such Restricted Subsidiary has the right and ability to store such quantity and quality of Hydrocarbons in storage facilities or storage capacity owned, leased, operated or otherwise controlled by an Obligor or any Restricted Subsidiary of an Obligor or in pipelines, or such Hydrocarbons are in transit to such facilities.

"*Permitted Holder*" means the Sponsors and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the Sponsors are members; *provided* that, in the case of such group and without giving effect to the existence of such group or any other group, such Sponsors, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of Parent or any of its direct or indirect parent companies.

"*Permitted Investments*" means:

(1) any Investment in an Obligor or in a Restricted Subsidiary of an Obligor;

(2) any Investment in Cash Equivalents;

(3) any Investment by an Obligor or any Restricted Subsidiary of an Obligor in a Person, if as a result of such Investment:

(a) such Person becomes an Obligor or a Restricted Subsidiary of an Obligor; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its properties or assets to, or is liquidated into, an Obligor or a Restricted Subsidiary of an Obligor;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof;

(5) any Investment in any Person solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of an Obligor (other than an Obligor that is a Subsidiary of another Obligor);

(6) any Investments received in compromise of obligations of trade creditors or customers that were incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer, or as a result of a foreclosure by an Obligor or any of its Restricted Subsidiaries with respect to any secured Investment in default;

(7) Hedging Obligations permitted to be incurred under Section 4.09 hereof;

(8) Permitted Business Investments;

(9) any Investment by an Obligor or any of its Restricted Subsidiaries in any Person that was previously a Subsidiary of an Obligor but ceases to be such as a result of a reduction in such Obligor's direct or indirect ownership interests in such Person in connection with a public offering of Capital Stock of such Person; *provided* that at the time such Person ceases to be a Subsidiary of such Obligor and immediately after giving effect thereto, no "person" (as that term is used in Section 13(d)(3) of the Exchange Act) is or becomes the Beneficial Owner, directly or indirectly, of a percentage of the total Voting Stock of such Person, measured by voting power rather than number of shares, greater than the percentage of the total Voting Stock of such Person, measured by voting power rather than number of shares, owned by Parent at such time;

(10) any Investment existing on, or made pursuant to binding commitments existing on, the date of this Indenture and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the date of this Indenture; *provided* that the amount of any such Investment may be increased (a) as required by the terms of such Investment as in existence on the date of this Indenture or (b) as otherwise permitted under this Indenture;

(11) Investments acquired after the date of this Indenture as a result of the acquisition by an Obligor or any Restricted Subsidiary of an Obligor of another Person, including by way of a merger or consolidation with or into an Obligor or any of its Restricted Subsidiaries in a transaction that is not prohibited by Section 5.01 herein after the date of this Indenture to the extent that such Investments were not made in contemplation of such acquisition, merger or consolidation and were in existence on the date of such acquisition, merger or consolidation; and

(12) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (12) that are at the time outstanding, not to exceed the greater of (a) $25.0 million and (b) 2.25% of the Combined Net Tangible Assets of the Group at the time such Investment is made; *provided, however*, that if any Investment pursuant to this clause (12) is made in any Person that is not a Restricted Subsidiary of an Obligor at the date of the making of such Investment and such Person becomes a Restricted Subsidiary of an Obligor after such date, such Investment shall thereafter be deemed to have been made pursuant to clause (1) above and shall cease to have been made pursuant to this clause (12) for so long as such Person continues to be a Restricted Subsidiary of an Obligor (unless such Obligor otherwise classifies such Investment in compliance with this Indenture).

"*Permitted Liens*" means:

(1) Liens securing any Indebtedness under any Credit Facilities incurred pursuant to Section 4.09(b)(1) and all Obligations and Hedging Obligations relating thereto; *provided* that Liens on Fixed Asset Collateral securing such Indebtedness will be subordinated to the Liens on such Collateral securing the Notes and the Liens on the Current Asset Collateral securing such Indebtedness may be senior to the Notes, in each case pursuant to the Intercreditor Agreement;

(2) Liens in favor of an Obligor or any Restricted Subsidiary of an Obligor other than with respect to the Collateral;

(3) Liens on property of a Person existing at the time such Person is merged or amalgamated with or into or consolidated with an Obligor or any Restricted Subsidiary of an Obligor; *provided* that such Liens were in existence prior to the contemplation of such merger, amalgamation or consolidation and do not extend to any assets other than those of the Person merged or amalgamated into or consolidated with such Obligor or Restricted Subsidiary;

(4) Liens on property (including Capital Stock) existing at the time of acquisition of the property by an Obligor or any Restricted Subsidiary of an Obligor; *provided* that such Liens were in existence prior to the contemplation of such acquisition;

(5) any interest or title of a lessor to the property subject to a Capital Lease Obligation or an operating lease;

(6) Liens on any property or asset acquired, designed, constructed, installed, developed, repaired or improved by an Obligor or any of its Restricted Subsidiaries, which (a) are in favor of the seller of such property or assets, in favor of the Person developing, constructing, repairing or improving such asset or property, or in favor of the Person that provided the funding for the acquisition, development, construction, repair or improvement cost, as the case may be, of such asset or property, (b) are created within 360 days after the acquisition, development, construction, repair or improvement, (c) secure the Indebtedness not exceeding the greater of (i) the purchase price or design, development, construction, installation, repair or improvement cost, as the case may be, of such asset or property and (ii) the Fair Market Value of such acquisition, construction or improvement of such asset or property, measured as of the date of such acquisition, or as the date of such design, construction, installation, development, repair or improvement and (d) are limited to the asset or property so acquired, constructed or improved (including the proceeds thereof, accessions thereto and upgrades thereof);

(7) Liens existing on the date of this Indenture other than Liens securing the Credit Facilities;

(8) Liens to secure the performance of tenders, bids, statutory obligations, surety or appeal bonds, government contracts, trade contracts, leases, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(9) Liens on and pledges of the Equity Interests of any Unrestricted Subsidiary or any Joint Venture owned by an Obligor or any Restricted Subsidiary of an Obligor to the extent securing Non-Recourse Debt or other Indebtedness of such Unrestricted Subsidiary or Joint Venture;

(10) Liens on pipelines or pipeline facilities or products shipped on such pipelines that arise by operation of law;

(11) Liens arising under operating agreements, joint venture agreements, partnership agreements, construction agreements, oil and gas leases, farmout agreements, division orders, agreements for the purchase, gathering, processing, sale, transportation or exchange of Hydrocarbons, unitization and pooling declarations and agreements, area of mutual interest agreements and other agreements arising in the ordinary course of an Obligor's or any of its Restricted Subsidiaries' business that are customary in the Permitted Business;

(12) Liens upon specific items of inventory, receivables or other goods or proceeds of an Obligor or any of its Restricted Subsidiaries securing such Person's obligations in respect of letters of credit, bankers' acceptances or receivables securitizations issued or created for the account of such Person to facilitate the purchase, shipment or storage of such inventory, receivables or other goods and permitted by Section 4.09 hereof;

(13) Liens securing Obligations of an Obligor under the Notes (other than Additional Notes) or the Guarantees thereof, as the case may be;

(14) [Reserved];

(15) Liens to secure performance of Hedging Obligations of an Obligor or any of its Restricted Subsidiaries;

(16) Liens securing reimbursement obligations with respect to commercial letters of credit entered into in the ordinary course of business;

(17) survey exceptions, easements, restrictions, servitudes, permits, conditions, covenants, exceptions or reservations of, or rights of others for, licenses, rights-of-way, roads, pipelines, transmission lines, transportation lines, distribution lines for the removal of gas, oil, coal or other minerals or timber, sewers, electric lines, telegraph and telephone lines and other similar purposes, or for the joint or common use of real estate, rights of way, facilities and equipment, Liens related to surface leases and surface operations, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of an Obligor or any of its Restricted Subsidiaries;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;

(19) Liens on the Collateral incurred by an Obligor or any Restricted Subsidiary (other than a California Utility Guarantor prior to the date that it becomes a Guarantor) of an Obligor with respect to Fixed Asset Debt obligations that do not exceed the greater of (a) $30.0 million and (b) 2.50% of the Combined Net Tangible Assets of the Group determined at the time such Lien is incurred; *provided* that if such Liens are granted in respect of the Collateral, such obligations are made subject to the Intercreditor Agreement as Future Secured Term Indebtedness (as defined in the Intercreditor Agreement);

(20) Liens arising under this Indenture in favor of the Trustee for its own benefit and similar Liens in favor of other trustees, agents and representatives arising under instruments governing Indebtedness permitted to be incurred under this Indenture; *provided*, *however*, that such Liens are solely for the benefit of the trustees, agents or representatives in their capacities as such and not for the benefit of the holders of such Indebtedness;

(21) Liens on assets of Subsidiaries that are not Guarantors (other than the California Utility Guarantors) securing Indebtedness of Subsidiaries that are not Guarantors (other than the California Utility Guarantors); and

(22) any Lien renewing, extending, refinancing or refunding a Lien permitted by clauses (1) through (21) above, *provided* that (a) the principal amount of the Indebtedness secured by such Lien is not increased except by an amount equal to a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred, in connection therewith and by an amount equal to any existing commitments unutilized thereunder and (b) no assets encumbered by any such Lien other than the assets permitted to be encumbered immediately prior to such renewal, extension, refinance or refund are encumbered thereby (other than improvements thereon, accessions thereto and proceeds thereof); *provided*, *further*, *however*, that such Liens have no greater priority relative to the Notes and the Note Guarantees and the holders of such Indebtedness secured by such Liens have no greater intercreditor rights relative to the Notes and the Note Guarantees than the original Liens and related Indebtedness and the holders thereof.

"*Permitted Operating Obligations*" means Indebtedness of an Obligor or any Restricted Subsidiary of an Obligor in respect of one or more standby letters of credit, bid, performance or surety bonds, or other reimbursement obligations, issued for the account of, or entered into by, an Obligor or any Restricted Subsidiary of an Obligor in the ordinary course of business (excluding obligations related to the purchase by an Obligor or any Restricted Subsidiary of an Obligor of Hydrocarbons for which such Obligor or such Restricted Subsidiary has contracts to sell), or in lieu of any thereof or in addition to any thereto, guarantees and letters of credit supporting any such obligations and Indebtedness (in each case, other than for any obligations for borrowed money, other than borrowed money represented by any such letter of credit, bid, performance or surety bond, or reimbursement obligation itself, or any guarantee and letter of credit related thereto).

"*Permitted Refinancing Indebtedness*" means any Indebtedness of an Obligor or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund or discharge other Indebtedness of an Obligor or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded or discharged (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded or discharged is subordinated in right of payment to the Notes or the Note Guarantees, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded or discharged;

(4) such Indebtedness is incurred by an Obligor if such Obligor is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(5) to the extent such Permitted Refinancing Indebtedness is secured, the Liens securing such Permitted Refinancing Indebtedness have a Lien priority equal to or junior to the Liens securing the Indebtedness being refunded, refinanced, replaced, redeemed, repurchased or retired.

Notwithstanding the preceding, any Indebtedness incurred under Credit Facilities pursuant Section 4.09(b)(1) hereof shall be subject only to the refinancing provision in the definition of Credit Facilities and not pursuant to the requirements set forth in this definition of Permitted Refinancing Indebtedness.

"*Person*" means any individual, corporation (including an unlimited liability company), partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*PPSA*" means the Personal Property Security Act of the Province of Alberta, as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

"*Premises*" means owned real properties required to be subject to a mortgage lien that form a portion of the Collateral (including all after-acquired real property that is not an Excluded Asset).

"*Private Placement Legend*" means the legend set forth in Section 2.06(g)(1) hereof to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"*Proceeds*" has the meaning as defined in the Uniform Commercial Code and/or the PPSA, as applicable.

"*Public Equity Offering*" means a public sale (other than to a Sponsor) of either (1) Equity Interests of an Obligor by such Obligor (other than Disqualified Stock and other than to another Obligor or to a Subsidiary of an Obligor) or (2) Equity Interests of a direct or indirect parent entity of an Obligor (other than to an Obligor or a Subsidiary of an Obligor).

"*QIB*" means a "qualified institutional buyer" as defined in Rule 144A.

"*Qualifying Equity Interests*" means Equity Interests of an Obligor that is not a Subsidiary of an Obligor other than (1) Disqualified Stock or (2) Equity Interests sold in a Public Equity Offering prior to the third anniversary of the date of this Indenture that are eligible to be used to support an optional redemption of Notes pursuant to the "Optional Redemption" provisions of this Indenture.

"*Rating Agencies*" means (1) each of Fitch, Moody's and S&P and (2) if, Fitch, Moody's or S&P ceases to rate the Notes for reasons outside of the Issuer's control, a "nationally recognized statistical rating organization" (within the meaning of Section 3 under the Exchange Act) selected by the Issuer as a replacement agency for Fitch, Moody's or S&P, as the case may be.

"*Records*" has the meaning as defined in the Uniform Commercial Code.

"*Regulation S*" means Regulation S promulgated under the Securities Act.

"*Regulation S Global Note*" means a Global Note, substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend, each deposited with or on behalf of, and registered in the name of, the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Regulation S.

"*Regulation S-X*" means Regulation S-X promulgated by the SEC.

"*Related Taxes*" means any taxes, charges or assessments, including, but not limited to, sales, use, transfer, rental, ad valorem, value-added, stamp, property, consumption, franchise, license, capital, net worth, gross receipts, excise, occupancy, intangibles or similar taxes, charges or assessments (other than U.S. federal, state or local or non-

U.S. income taxes), required to be paid by a Parent Obligor or any other direct or indirect parent of a Parent Obligor by virtue of its being incorporated or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than the Obligors, any of their Subsidiaries or any other direct or indirect parent of the Obligors), or being a holding company parent of the Obligors, any of their Subsidiaries or any other direct or indirect parent of the Obligors or receiving dividends from or other distributions in respect of the Capital Stock of the Obligors, any of their Subsidiaries or any other direct or indirect parent of the Obligors, or having guaranteed any obligations of the Obligors or any Subsidiary thereof, or having made any payment in respect of any of the items for which the Obligors or any of their Subsidiaries are permitted to make payments to any parent entity pursuant to Section 4.07 or acquiring, developing, maintaining, owning, prosecuting, protecting or defending its intellectual property and associated rights (including but not limited to receiving or paying royalties for the use thereof) relating to the business or businesses of the Obligors or any Subsidiary thereof.

"*Reporting Default*" means a Default under Section 4.03 hereof after giving effect to the grace periods referred to therein.

"*Responsible Officer*," when used with respect to the Trustee and the Notes Collateral Agents, means any officer within the Corporate Trust Office of the Trustee (or any successor group of the Trustee or the Notes Collateral Agents) and who shall have responsibility for the administration of this Indenture and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"*Restricted Definitive Note*" means a Definitive Note bearing the Private Placement Legend.

"*Restricted Global Note*" means a Global Note bearing the Private Placement Legend.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"*Rule 144*" means Rule 144 promulgated under the Securities Act.

"*Rule 144A*" means Rule 144A promulgated under the Securities Act.

"*Rule 903*" means Rule 903 promulgated under the Securities Act.

"*Rule 904*" means Rule 904 promulgated under the Securities Act.

"*S&P*" means Standard & Poor's Ratings Services.

"*SEC*" means the Securities and Exchange Commission. "*Securities Account*" has the meaning as defined in the Uniform Commercial Code or the STA, as applicable.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder.

"*Securities Entitlement*" has the meaning as defined in the Uniform Commercial Code or the STA, as applicable.

"*Security Documents*" means the Intercreditor Agreement, each joinder or amendment to the Intercreditor Agreement, all security agreements, pledge agreements, control agreements, collateral assignments, mortgages, deeds of trust, security deeds, deeds to secure debt, hypothecs, collateral agency agreements, debentures or other instruments, pledges, grants or transfers for security or agreements related thereto executed and delivered by the Issuer or any Guarantor creating or perfecting (or purporting to create or perfect) a Lien upon Collateral (including, without limitation, financing statements under the Uniform Commercial Code or the PPSA, as applicable) in favor

of the Notes Collateral Agents on behalf of the Trustee and the Holders of the Notes to secure the Notes and the Note Guarantees, in each case, as amended, modified, restated, supplemented or replaced, in whole or in part, from time to time, in accordance with its terms and this Indenture subject to the terms of the Intercreditor Agreement.

"*Significant Obligor*" means any Obligor or Restricted Subsidiary of an Obligor that accounts for at least 10% of the Combined Net Tangible Assets of the Group.

"*Sponsors*" means Brookfield Infrastructure Fund II GP, LLC and its Affiliates (but excluding any operating portfolio company).

"*STA*" means the Securities Transfer Act of the Province of Alberta, as such legislation may be amended, renamed or replaced from time to time, and includes all regulations from time to time made under such legislation.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the date of this Indenture, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subsidiary*" means, with respect to any specified Person:

(1) any corporation (including an unlimited liability company), association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership, limited liability company or association of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Suffield Facility" means the natural gas storage facility located in southeastern Alberta, Canada near the CFB Suffield military range and having, as of December 22, 2016, five storage reservoirs with a total capacity of approximately 83.5 Bcf, and associated compressors, compressor sites, pipeline headers, pipelines and other related equipment and buildings.

"Supporting Obligations" has the meaning as defined in the Uniform Commercial Code or the PPSA, as applicable.

"*Transactions*" means the issuance of the Notes and the use of proceeds thereof to (i) redeem and retire all of the outstanding 2019 notes, (ii) repay the approximately $150 million of outstanding borrowings under the term loan portion of our Credit Facilities and (iii) pay fees and expenses related to the foregoing and in connection with the offering of the Initial Notes.

"*Treasury Rate*" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two (2) Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to March 31, 2020; *provided*, *however*, that if the period from the redemption date to March 31, 2020, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"*Tres Palacios Capacity Contract*" means that certain five-year natural gas storage contract dated as of October 31, 2014 between BIF II Tres Palacios Storage (Delaware) LLC and Tres Palacios Gas Storage LLC, ending on October 31, 2019, for the utilization of 15 Bcf of natural gas storage.

"*Tres Palacios Entities*" means BIF II Tres Palacios Aggregator (Delaware) LLC and its subsidiaries, collectively.

"*Trustee*" means The Bank of New York Mellon, until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"*Uniform Commercial Code*" means the Uniform Commercial Code as from time to time in effect in the State of New York or any other applicable jurisdiction as provided in the Security Documents.

"*Unrestricted Definitive Note*" means a Definitive Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Global Note*" means a Global Note that does not bear and is not required to bear the Private Placement Legend.

"*Unrestricted Subsidiary*" means any Subsidiary of an Obligor (other than the Issuer) that is designated by the Board of Directors of such Obligor as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors of such Obligor, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by Section 4.11 hereof, is not party to any agreement, contract, arrangement or understanding with an Obligor or any Restricted Subsidiary of an Obligor unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to such Obligor or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of such Obligor or such Restricted Subsidiary;

(3) is a Person with respect to which neither an Obligor nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Parent or any of its Restricted Subsidiaries.

"*Unsecured Revolving Credit Agreement*" means that certain credit agreement, dated as of December 22, 2016, by and between Parent and Swan Equity Aggregator LP, as administrative agent, and the lenders party thereto, as described under "Description of Other Indebtedness" in the Offering Memorandum, including any related notes, guarantees, instruments and agreements executed in connection therewith, and in each case as amended, restated, modified, renewed, refunded, replaced or refinanced from time to time in an unsecured revolving credit facility between Parent or any other Obligor and one or more Sponsors so long as any Indebtedness under such facility is subordinated to the Notes (or the relevant Note Guarantee) on terms not less favorable to the Holders in any material respect than the subordination terms for the Unsecured Revolving Credit Agreement in effect on the date of this Indenture.

"*U.S.*" means the United States.

"*U.S. Notes Collateral Agent*" means The Bank of New York Mellon.

"*U.S. Person*" means a U.S. Person as defined in Rule 902(k) promulgated under the Securities Act.

"*Voting Stock*" of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; *by*

(2) the then outstanding principal amount of such Indebtedness.

Section 1.02 *Other Definitions.*

Term	Defined in Section
"ABCA"	10.02
"Additional Amounts"	4.19
"Affiliate Transaction"	4.11
"Asset Sale Offer"	4.10
"Authentication Order"	2.02
"Calculation Date"	1.01
"Change of Control Offer"	4.15
"Change of Control Payment"	4.15
"Change of Control Payment Date"	4.15
"Covenant Defeasance"	8.03
"DTC"	2.03
"Event of Default"	6.01
"Excess Proceeds"	4.10
"incur"	4.09
"Judgment Conversion Date"	14.12
"Judgment Currency"	14.12
"Legal Defeasance"	8.02
"Note Guarantee"	10.01
"Offer Amount"	3.08
"Offer Period"	3.08
"Paying Agent"	2.03
"Payment Default"	6.01
"Payor"	4.19
"Permitted Debt"	4.09
"Purchase Date"	3.08
"rate of exchange"	14.12
"Reinstatement Date"	4.20
"Relevant Taxing Jurisdiction"	4.19
"Registrar"	2.03
"Restricted Payments"	4.07
"Subsequent Conditions"	3.02
"Suspended Covenants"	4.20
"Taxes"	4.19

Section 1.03 *Rules of Construction.*

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular;

(5) "will" shall be interpreted to express a command;

(6) provisions apply to successive events and transactions; and

(7) references to sections of or rules under the Securities Act will be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time.

(8) whenever in this Indenture or the Notes there is mentioned, in any context, principal, interest or any other amount payable under or with respect to any Notes, such mention shall be deemed to include mention of the payment of additional interest, to the extent that, in such context, additional interest is, was or would be payable in respect thereof.

ARTICLE 2
THE NOTES

Section 2.01 *Form and Dating.*

(a) *General*. The Notes and the related Trustee's certificates of authentication for the Notes will be substantially in the form of Exhibit A attached hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage; *provided*, that any such notations, legends or endorsements are in a form acceptable to the Issuer. Each Note will be dated the date of its authentication.

The terms and provisions contained in the Notes will constitute, and are hereby expressly made, a part of this Indenture and the Issuer, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) *Notes*. The Notes issued in global form (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto) will be substantially in the form of Exhibit A. Notes issued in definitive form (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto) shall be substantially in the form of Exhibit A attached hereto. Holders of Additional Notes actually issued will share equally and ratably in the Collateral with the Holders of the Notes issued prior thereto. The Notes shall be issued in denominations of $2,000 and integral multiples of $1,000 in excess thereof. Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) [Reserved].

(d) *Euroclear and Clearstream Procedures Applicable.* The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of Clearstream Banking" and "Customer Handbook" of Clearstream will be applicable to transfers of beneficial interests in the Regulation S Global Note that is held by Participants through Euroclear or Clearstream.

Section 2.02 *Execution and Authentication.*

At least one Officer of the Issuer must sign the Notes issued by the Issuer by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note will nevertheless be valid.

No Note will be valid until authenticated by the manual signature of authorized signatory of the Trustee. The signature will be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee will, upon receipt of a written order of the Issuer signed by two Officers of the Issuer (an "*Authentication Order*"), authenticate Notes for original issue that may be validly issued under this Indenture, including any Notes issued as Additional Notes. The aggregate principal amount of Notes outstanding at any time may not exceed the aggregate principal amount of Notes authorized for issuance by the Issuer pursuant to one or more Authentication Orders, except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Issuer to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Issuer.

Section 2.03 *Registrar and Paying Agent.*

The Issuer will maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Issuer may appoint one or more co-registrars and one or more additional paying agents.

The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Issuer may change any Paying Agent or Registrar without notice to any Holder. The Issuer will notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Issuer fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Issuer or any of any Subsidiary of a Parent Obligor may act as Paying Agent or Registrar.

The Issuer initially appoints The Depository Trust Company ("*DTC*") to act as Depositary with respect to the Global Notes.

The Issuer initially appoints the Trustee to act as the Registrar and Paying Agent in connection with the Notes, until such time as the Trustee has resigned or a successor has been appointed pursuant to Section 7.07 hereof, and to act as Custodian with respect to the Global Notes.

Section 2.04 *Paying Agent to Hold Money in Trust.*

On or prior to 10:00 a.m. New York City time one Business Day prior to the date of the principal of and premium, if any, or interest on any Note, the Issuer shall deposit with the Paying Agent a sum sufficient to pay such principal of and premium, if any, or interest on any Note as it becomes due. The Issuer shall require each Paying Agent (other than the Trustee) to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal of, premium on, if any, or interest, if

any, on the Notes, and shall notify the Trustee of any default by the Issuer in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Issuer at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Issuer or a Subsidiary) shall have no further liability for the money. If the Issuer or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Issuer, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05 *Holder Lists.*

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders. If the Trustee is not the Registrar, the Issuer shall furnish to the Trustee or cause the Registrar to furnish to the Trustee, at least five (5) Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes; *provided* that as long as the Trustee is the Registrar, no such list need be furnished.

Section 2.06 *Transfer and Exchange.*

(a) *Transfer and Exchange of Global Notes*. A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes shall be exchanged by the Issuer for Definitive Notes only in the following limited circumstances:

(1) the Issuer delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act at a time when it is required to be so registered in order to act as Depositary and, in each case, a successor Depositary is not appointed by the Issuer within 120 days after the date of such notice from the Depositary;

(2) subject to the procedures of the Depositary, the Issuer in its sole discretion determines that Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes.

Upon the occurrence of either of the preceding events in (1), (2) or (3) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b) or (c) or (d) hereof.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes*. The transfer and exchange of beneficial interests in Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. None of the Issuer, the Trustee, Paying Agent, nor any agent of the Issuer shall have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act and applicable Canadian securities laws. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend. Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(1).

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes*. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (i) above.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes, the Trustee shall adjust the principal amount of the relevant Global Notes pursuant to Section 2.06(h) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note*. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note*. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(2) above and the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (4), if the Issuer so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Issuer to the effect that such exchange or transfer is in compliance with the Securities Act and applicable Canadian securities laws and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act and applicable Canadian securities laws.

If any such transfer is effected pursuant to subparagraph (4) above at a time when an Unrestricted Global Note has not yet been issued, the Issuer shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (4) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) *Transfer or Exchange of Beneficial Interests for Definitive Notes*.

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes*. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to any Parent Obligor or any of their respective Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

and, in each case, in accordance with applicable Canadian securities laws where the sale is made into, or to a resident of, Canada, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuer shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. The Issuer shall promptly deliver to the Trustee a supply of Definitive Notes to enable the Registrar to deliver the Definitive Notes contemplated by this Section 2.06(c)(1). Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) [Reserved].

(3) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes*. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (3), if the Issuer so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Issuer to the effect that such exchange or transfer is in compliance with the Securities Act and applicable Canadian securities laws and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act and applicable Canadian securities laws. The Issuer shall promptly deliver to the Trustee a supply of Definitive Notes to enable the Registrar to deliver the Definitive Notes contemplated by this Section 2.06(c)(3).

(4) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes*. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(2) hereof, the Trustee

will cause the amount of Notes or the aggregate principal amount of Notes of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Issuer will execute and the Trustee will authenticate and deliver to the Person designated in the instructions an Unrestricted Definitive Note in the appropriate principal amount. Any Unrestricted Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depositary and the Participant or Indirect Participant. The Trustee will deliver such Unrestricted Definitive Notes to the Persons in whose names such Notes are so registered. Any Unrestricted Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(4) will not bear the Private Placement Legend. The Issuer shall promptly deliver to the Trustee a supply of Definitive Notes to enable the Registrar to deliver the Definitive Notes contemplated by this Section 2.06(c)(4).

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests*.

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes*. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof; or

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable

and, in each case, in accordance with applicable Canadian securities laws where the sale is made into, or to a resident of, Canada, the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the amount of or aggregate principal amount of (as the case may be), in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, in the case of clause (C) above, the Regulation S Global Note, and in the case of clauses (D) and (E) above, the IAI Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes*. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Note for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Note to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if the Issuer so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Issuer to the effect that such exchange or transfer is in compliance with the Securities Act and applicable Canadian securities laws and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act and applicable Canadian securities laws.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(2), the Trustee will cancel the Restricted Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes*. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the amount or the aggregate principal amount, as the case may be, of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to subparagraphs (2) or (3) above at a time when an Unrestricted Global Note has not yet been issued, the Issuer will issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in the aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes*. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes*. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A and applicable Canadian securities laws, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904 and applicable Canadian securities laws, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act and applicable Canadian securities laws, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes*. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person

or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (2), if the Issuer so requests, an Opinion of Counsel in form reasonably acceptable to the Issuer, as the case may be, to the effect that such exchange or transfer is in compliance with the Securities Act and applicable Canadian securities laws and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act and applicable Canadian securities laws.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes*. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) *[Reserved.]*

(g) *Legends*. The following legends will appear on the face of the applicable Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(1) *Private Placement Legend*.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THIS SECURITY (OR ITS PREDECESSOR) HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE NEXT SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER:

(1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB"), OR (B) IT HAS ACQUIRED THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT;

(2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN EXCEPT (A) TO THE PARENT OBLIGORS OR ANY OF THEIR RESPECTIVE SUBSIDIARIES (INCLUDING THE ISSUER), (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (C) IN AN OFFSHORE TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S OF THE SECURITIES ACT, (D) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER

THE SECURITIES ACT, (E) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER) OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION; AND

(3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTIONS" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(3), (c)(4), (d)(2), (d)(3), (e)(2) or (e)(3) of this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) will not bear the Private Placement Legend.

(2) *Global Note Legend*. Each Global Note will bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY OR ON BEHALF OF THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY OR ITS NOMINEE WITH THE PRIOR WRITTEN CONSENT OF THE ISSUER.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR SECURITIES IN DEFINITIVE FORM, THIS SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) ("DTC"), TO THE ISSUER OR ITS AGENTS FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN."

(3) *Original Issue Discount Legend*. Each Note will bear a legend in substantially the following form:

"ORIGINAL ISSUE DISCOUNT. THIS NOTE HAS BEEN ISSUED WITH "ORIGINAL ISSUE DISCOUNT" (WITHIN THE MEANING OF SECTION 1272 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED). HOLDERS SHOULD CONTACT OUR INVESTOR RELATIONS ASSOCIATE AT 400, 607 - 8TH AVE. S.W., CALGARY, ALBERTA, CANADA T2P 0A7 FOR INFORMATION REGARDING: (1) THE ISSUE PRICE AND THE ISSUE DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE, (3) THE YIELD TO MATURITY OF THE NOTE, AND (4) THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE OF THE NOTE, AS APPLICABLE."

(h) *Cancellation and/or Adjustment of Global Notes*. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the amount of Notes or the principal amount of Notes represented by such Global Note, as the case may be, will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase. At any time prior to such cancellation, if any beneficial interest in a Definitive Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in a Global Note, the principal amount of Notes represented by such Global Note, as the case may be, will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges*.

(1) To permit registrations of transfers and exchanges, the Issuer will execute and the Trustee will authenticate Global Notes upon receipt of an Authentication Order in accordance with Section 2.02 hereof or at the Registrar's request.

(2) No service charge will be made to a holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Issuer may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.07, 3.08, 4.10, 4.15 and 9.04 hereof).

(3) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(4) Neither the Registrar nor the Issuer will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business fifteen (15) days before the day of any selection of Notes for redemption under Section 3.03 hereof and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(5) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuer may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and (subject to the record date provisions of the Notes) interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuer shall be affected by notice to the contrary.

(6) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(7) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Neither the Trustee nor the Registrar shall have any obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under applicable law with respect to any transfer of any interest in any Note (including any transfers between or among Participants, members or beneficial owners in any Global Note) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by, the terms of this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

The Trustee shall retain copies of all letters, notices and other written communications received pursuant to this Section 2.06 (including all Notes received for transfer pursuant to this Section 2.06). The Issuer shall have the right to require the Trustee to deliver to the Issuer, at its expense, copies of all such letters, notices or other written communications at any reasonable time upon the giving of reasonable written notice to the Trustee.

In connection with any transfer of any Note, the Trustee and the Issuer shall be entitled to receive, shall be under no duty to inquire into, may conclusively presume the correctness of, and shall be fully protected in relying upon the certificates, opinions and other information referred to herein (or in the forms provided herein, attached hereto or to the Note, or otherwise) received from any Holder and any transferee of any Note regarding the validity, legality and due authorization of any such transfer, the eligibility of the transferee to receive such Note and any other facts and circumstances related to such transfer.

Section 2.07 *Replacement Notes.*

If any mutilated Notes are surrendered to the Trustee or the Issuer or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Issuer will issue and the Trustee, upon receipt of an Authentication Order, will authenticate a replacement Note if the Holder satisfies any reasonable requirements of the Trustee and the Issuer. If required by the Trustee or the Issuer, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Issuer to protect the Issuer, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Issuer and the Trustee may charge the Holders for each of its expenses in replacing a Note.

In case any such mutilated, destroyed, lost, or stolen Note has become or is about to become due and payable, the Issuer in its sole discretion may, instead of issuing a new Note, pay such Note.

Upon the issuance of any new Note under this Section 2.07, the Issuer may require the payment of a sum sufficient to cover any tax, assessment, fee or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Note issued pursuant to this Section 2.07 in exchange for any mutilated Note or in lieu of any destroyed, lost, or stolen Note will constitute an original additional contractual obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Note shall be at any time enforceable by anyone, and will be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes duly issued hereunder.

The provisions of this Section 2.07 are exclusive and will preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost, or stolen Notes.

Section 2.08 *Outstanding Notes.*

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section 2.08 as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Issuer or an Affiliate of the Issuer holds the Note; however, Notes held by a Parent Obligor or a Subsidiary of a Parent Obligor shall not be deemed to be outstanding for purposes of Section 3.01(a) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee and the Issuer receive proof satisfactory to them that the replaced Note is held by a protected purchaser. A mutilated Note ceases to be outstanding upon surrender of such Note and replacement thereof pursuant to Section 2.07 hereof. If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than a Parent Obligor or one of its Subsidiaries or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes will be deemed to be no longer outstanding and will cease to accrue interest.

Section 2.09 *Treasury Notes.*

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuer or any Guarantor, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuer or any Guarantor, will be considered as though not outstanding, except that for the purposes of determining whether the Trustee will be protected in relying on any such direction, waiver or consent, only Notes that a Responsible Officer of the Trustee actually knows are so owned will be so disregarded.

Section 2.10 *Temporary Notes.*

Until certificates representing Notes are ready for delivery, the Issuer may prepare and the Trustee, upon receipt of an Authentication Order, will authenticate temporary Notes. Temporary Notes will be substantially in the form of certificated Notes but may have variations that the Issuer considers appropriate for temporary Notes and as may be reasonably acceptable to the Trustee. Without unreasonable delay, the Issuer will prepare and the Trustee will authenticate definitive Notes in exchange for temporary Notes, respectively.

Holders of temporary Notes will be entitled to all of the benefits of this Indenture.

Section 2.11 *Cancellation.*

The Issuer at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation. The Trustee shall dispose of all cancelled Notes in accordance with its customary procedures and shall deliver a certificate of disposition to the Issuer upon written request therefor. Subject to Section 2.07 hereof, the Issuer may not issue new Notes to replace Notes that have been paid or that have been delivered to the Trustee for cancellation.

Section 2.12 *Defaulted Interest.*

If the Issuer defaults in a payment of interest on the Notes, it will pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Issuer will notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Issuer will fix or cause to be fixed each such special record date and payment date; *provided*

that no such special record date may be less than ten (10) days prior to the related payment date for such defaulted interest. At least fifteen (15) days before the special record date, the Issuer (or, upon the written request of the Issuer, the Trustee in the name and at the expense of the Issuer) will send or cause to be sent to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.13 *Issuance of Additional Notes.*

The Issuer shall be entitled, from time to time, subject to its compliance with Section 4.09 and Section 4.12 hereof, without consent of the Holders, to issue Additional Notes under this Indenture with identical terms as the Notes other than with respect to (i) the date of issuance, (ii) the issue price, (iii) the amount of interest payable on the first interest payment date, the initial interest accrual date and the initial interest payment date and (iv) any adjustments in order to conform to and ensure compliance with the Securities Act (or other applicable securities laws). The Initial Notes and any Notes issued as Additional Notes shall be treated as a single class for all purposes under this Indenture; *provided* that, if the Additional Notes are not issued as part of a "qualified reopening" of the Initial Notes for U.S. federal income tax purposes or are otherwise treated as part of the same "issue" of debt instruments as the Initial Notes for U.S. federal income tax purposes, the Additional Notes will have a separate CUSIP, ISIN, or other identifying number.

With respect to any Additional Notes, the Issuer shall set forth in an Officer's Certificate pursuant to a resolution of the Board of Directors of each of the Issuer, copies of which shall be delivered to the Trustee, the following information:

(1) The aggregate principal amount of Notes and the aggregate principal amount of Notes constituting Additional Notes to be authenticated and delivered pursuant to this Indenture; and

(2) the issue price, the issue date and the CUSIP number of such Additional Notes.

ARTICLE 3
REDEMPTION AND PREPAYMENT

Section 3.01 *Redemption.*

(a) *Optional Redemption Upon an Equity Offering*. At any time prior to March 31, 2020, the Issuer may, at its option, on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes issued under this Indenture, upon not less than ten (10) nor more than sixty (60) days' notice, at a redemption price equal to 107.000% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to, but not including, the date of redemption (subject to the rights of Holders of Notes on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date) with an amount equal to the net cash proceeds of one or more Public Equity Offerings; *provided* that:

(1) at least 65% of the aggregate principal amount of Notes originally issued under this Indenture (excluding Notes held by the Group) remains outstanding immediately after the occurrence of such redemption (unless all notes are redeemed substantially concurrently); and

(2) the redemption occurs within one hundred eighty (180) days of the date of the closing of such Equity Offering.

(b) *Optional Redemption Prior to March 31, 2020*. At any time prior to March 31, 2020, the Issuer may, at its option, on any one or more occasions redeem all or a part of the Notes, upon not less than ten (10) nor more than sixty (60) days' notice, at a redemption price equal to 100.000% of the principal amount of the Notes to be redeemed, plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, but not including, the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date. The Issuer shall give the Trustee notice of the amount of the Applicable Premium promptly after the calculation thereof and the Trustee shall not be responsible for such calculation.

(c) *Optional Redemption On or After March 31, 2020.*

On or after March 31, 2020, the Issuer may, at its option, on any one or more occasions redeem all or a part of the Notes, upon not less than ten (10) nor more than sixty (60) days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the Notes to be redeemed, to, but not including, the applicable date of redemption, if redeemed during the twelve-month period beginning on March 31 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date:

Year	Percentage
2020	107.000 %
2021	103.500%
2022 and thereafter	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date. Payment of the redemption price and performance of the Issuer's other obligations with respect to such redemption may be performed by a designee of the Issuer to the extent such designee performs such obligations in the manner, at the times and otherwise in compliance with the requirements applicable to such redemption as set forth in this Indenture.

(d) *Redemption for Changes in Withholding Taxes*. If, as a result of:

(1) any amendment to, or change in, the laws or treaties (or regulations, protocols or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction which is announced and becomes effective after the date hereof (or, where a jurisdiction in question does not become a Relevant Taxing Jurisdiction until a later date, such later date); or

(2) any amendment to, or change in, the official application, official interpretation, official administration or official assessing practices of the laws, treaties, regulations, protocols or rulings of any Relevant Taxing Jurisdiction which is announced and becomes effective after the date hereof (or, where a jurisdiction in question does not become a Relevant Taxing Jurisdiction until a later date, such later date),

the Issuer or a Guarantor would be obligated to pay, and such obligation cannot be avoided by the Issuer or Guarantor taking reasonable measures available to it, on the next date for any payment and as a result of that amendment or change, Additional Amounts or indemnification payments as described in Section 4.19 hereof with respect to the Relevant Taxing Jurisdiction, then the Issuer may, at its option, redeem all, but not less than all, of the Notes, at any time thereafter, upon not less than ten (10) nor more than sixty (60) days' notice, at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to, but not including, the redemption date, subject to the rights of Holders on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date. Prior to the giving of any notice of redemption described in this Section 3.01(d), the Issuer will deliver to the Trustee a written opinion of independent legal counsel to the Issuer of recognized standing to the effect that such Issuer or Guarantor has or will become obligated to pay such Additional Amounts or indemnification payments as a result of a change, amendment, official application, official interpretation, official administration or official assessing practices described above.

No notice of redemption pursuant to this Section 3.01(d) may be given more than 60 days before or 365 days after the Issuer or applicable Guarantor first becomes liable to pay any Additional Amount or indemnification payments.

(e) *Mandatory Redemption*. The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(f) Any redemption pursuant to this Section 3.01 shall be made pursuant to the provisions of Section 3.02 through 3.07 hereof.

Section 3.02 *Notices to Trustee.*

If the Issuer elects to redeem Notes pursuant to Section 3.01 hereof, the Issuer shall notify the Trustee in writing of the redemption date, the principal amount of Notes to be redeemed, the redemption price, any conditions to such redemption not then satisfied and to be satisfied prior to the redemption date ("*Subsequent Conditions*") and the paragraph of the Notes pursuant to which the redemption will occur. The Issuer shall give such notice to the Trustee at least five (5) days before notice of redemption is required to be mailed or caused to be mailed to Holders pursuant to Section 3.01 hereof unless the Trustee consents to a shorter period. Such notice shall be accompanied by an Officer's Certificate from the Issuer to the effect that such redemption will comply with the provisions herein. Such Officer's Certificate shall also state that all conditions precedent, if any, provided for herein to such redemption (other than any Subsequent Conditions) have been complied with. If the foregoing notice shall have stated that there are Subsequent Conditions, the Trustee shall receive, prior to the redemption date, an Officer's Certificate from the Issuer to the effect that the Subsequent Conditions have been complied with.

Section 3.03 *Selection of Notes to Be Redeemed or Purchased.*

If less than all of the Notes are to be redeemed or repurchased at any time, the Trustee will select Notes for redemption or purchase by such method as it shall deem fair and appropriate; *provided* that if the Notes are in global form, interests in such Global Notes will be selected for redemption or purchase by DTC in accordance with its standard procedures therefor. Notes having an aggregate principal amount in excess of $2,000 may be redeemed or purchased in part but only in whole multiples of $1,000, except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased.

If any Note is to be redeemed or purchased in part only, the notice relating to such Note shall state the portion of the principal amount thereof to be redeemed or purchased. A new Note in principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon cancellation of the original Note. Provisions of this Indenture that apply to Notes called for redemption or purchase also apply to portions of Notes called for redemption or purchase. The Trustee shall notify the Issuer promptly of the Notes or portions of Notes to be redeemed or purchased.

Section 3.04 *Notice of Redemption.*

At least ten (10) days, but not more than sixty (60) days before a redemption date, the Issuer will mail or cause to be mailed, by first class mail or, in the case of Notes held in book-entry form, delivered by electronic transmission in accordance with the customary practices of the Depositary, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than sixty (60) days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of this Indenture pursuant to Articles 8 or 11 hereof. Any redemption notice may, at the Issuer's discretion, be subject to one or more conditions precedent, and if so conditioned, the redemption date for such Notes may be extended by the Issuer pending achievement (or waiver by the Issuer in its sole discretion) of such conditions precedent.

The notice will identify the Notes to be redeemed and shall state:

(1) the redemption date and any conditions to such redemption to be satisfied prior to the redemption date;

(2) the redemption price (or if not then ascertainable, the manner of calculation thereof);

(3) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note;

(4) the name and address of the Paying Agent;

(5) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(6) that, unless the Issuer defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(7) the paragraphs of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed;

(8) the CUSIP number, if any, printed on the Notes being redeemed; and

(9) that no representation is made as to the correctness or accuracy of the CUSIP numbers, if any, listed in such notice or printed on the Notes being redeemed.

At the Issuer's request, the Trustee shall give the notice of redemption in the Issuer's names and at their expense; *provided*, *however*, that such request by the Issuer to the Trustee is received by the Trustee at least five (5) Business Days prior to the date the Trustee is requested to give notice to the Holders whose Notes are to be redeemed. In such event, the Issuer shall provide the Trustee with the information required by this Section 3.04.

Section 3.05 *Effect of Notice of Redemption.*

Once notice of redemption is mailed in accordance with Section 3.04 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price stated in the notice, subject to compliance with any Subsequent Conditions applicable to such redemption. A notice of redemption may be subject to the satisfaction of one or more conditions. Upon surrender to the Paying Agent, such Notes shall be paid at the redemption price stated in the notice, plus accrued interest to, but not including, the redemption date. Such notice if mailed in the manner herein provided shall be conclusively presumed to have been given, whether or not the Holder receives such notice. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

Section 3.06 *Deposit of Redemption or Purchase Price.*

Prior to 10:00 a m. (New York City time) one Business Day prior to the redemption date or Purchase Date, the Issuer shall deposit with the Trustee or Paying Agent (or, if a Parent Obligor or one of its Subsidiaries is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption or purchase price of and accrued interest (if any) on all Notes or portions thereof to be redeemed or purchased on that date. The Trustee or the Paying Agent shall promptly return to the Issuer any money deposited with the Trustee or the Paying Agent by the Issuer in excess of the amounts necessary to pay the redemption or purchase price of and accrued interest, if any, on all Notes to be redeemed or purchased.

If the Issuer comply with the provisions of the preceding paragraph, on and after the redemption or Purchase Date, interest will cease to accrue on the Notes or the portions of thereof called for redemption or purchase. If a Note is redeemed or purchased on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption or purchase is not so paid upon surrender for redemption or purchase because of the failure of the Issuer to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the Redemption or Purchase Date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the corresponding Notes and in Section 4.01 hereof.

Section 3.07 *Notes Redeemed or Purchased in Part.*

Upon surrender of a Note that is redeemed or purchased in part (with, if the Issuer or the Trustee so require, due endorsement by, or a written instrument of transfer in form satisfactory to the Issuer and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder of such Notes without service charge, a new Note or Notes of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Note so surrendered, except that if a Global Note is so surrendered, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Depositary for such Global Note, without service charge, a new Global Note in denomination equal to and in exchange for the unredeemed portion of the principal of the Global Note so surrendered.

Section 3.08 *Offer to Purchase by Application of Excess Proceeds.*

In the event that, pursuant to Section 4.10 hereof, the Issuer is required to commence an Asset Sale Offer, the Issuer will follow the procedures specified below.

The Asset Sale Offer shall be made to all Holders. The Asset Sale Offer will remain open for a period of at least twenty (20) Business Days following its commencement and not more than thirty (30) Business Days, except to the extent that a longer period is required by applicable law (the "*Offer Period*"). No later than five (5) Business Days after the termination of the Offer Period (the "*Purchase Date*"), the Issuer will apply all Excess Proceeds (the "*Offer Amount*") to the purchase of Notes or, if less than the Offer Amount has been tendered, all Notes and other Indebtedness tendered in response to the Asset Sale Offer.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, accrued and unpaid interest, if any, will be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Issuer will send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice will contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which will govern the terms of the Asset Sale Offer, will state:

(1) that the Asset Sale Offer is being made pursuant to this Section 3.08 and Section 4.10 hereof and the length of time the Asset Sale Offer will remain open;

(2) the Offer Amount, the purchase price and the Purchase Date;

(3) that any Note not tendered or accepted for payment will continue to accrue interest;

(4) that, unless the Issuer defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer will cease to accrue interest after the Purchase Date;

(5) that Holders electing to have a Note as a Note purchased pursuant to an Asset Sale Offer may elect to have Notes purchased in denominations of $2,000 or an integral multiple of $1,000 in excess thereof;

(6) that Holders electing to have Notes as a Note purchased pursuant to any Asset Sale Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer a beneficial interest in the Notes by book-entry transfer, to the Issuer, a depositary, if appointed by the Issuer, or a Paying Agent at the address specified in the notice at least three (3) days before the Purchase Date;

(7) that Holders will be entitled to withdraw their election if the Issuer, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase, the serial number of such Note if held in definitive form, and a statement that such Holder is withdrawing his election to have such Notes purchased;

(8) that, if the aggregate principal amount of Notes surrendered by Holders thereof exceeds the Offer Amount, the Issuer will select the Notes to be purchased on a pro rata basis based on the principal amount of Notes; and

(9) that Holders whose Notes were purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before the Purchase Date, the Issuer will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and will deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate of the Issuer stating that such Notes or portions thereof were accepted for payment by the Issuer in accordance with the terms of this Section 3.08. The Issuer, the Depositary or the Paying Agent, as the case may be, will promptly (but in any case not later than five (5) Business Days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Issuer for purchase. Upon surrender of a Note that is purchased in part, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Holder of such Note without service charge, a new Note or Notes of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal of the Notes so surrendered, except that if a Global Note is so surrendered, the Issuer shall execute, and the Trustee shall authenticate and deliver to the Depositary for such Global Note, without service charge, a new Global Note in denomination equal to and in exchange for the unpurchased portion of the principal of the Global Note so surrendered. Any Notes not so accepted shall be promptly mailed or delivered by the Issuer to the Holder thereof. The Issuer will announce the results of the Asset Sale Offer to the Holders on the Purchase Date.

Other than as specifically provided in this Section 3.08, any purchase pursuant to this Section 3.08 shall be made pursuant to the provisions of Sections 3.03, 3.06 and 3.07 hereof.

Section 3.09 [redacted]

[redacted]

[redacted]

ARTICLE 4
COVENANTS

Section 4.01 *Payment of Notes.*

The Issuer shall pay or cause to be paid the principal of, or premium or interest, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest, if any, will be considered paid on the date due if the Paying Agent, if other than the Issuer or a Subsidiary of a Parent Obligor, holds as of 10:00 a m. Eastern Time on the due date money deposited by the Issuer in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest, if any, then due.

The Issuer will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at a rate that is 1% higher than the then applicable interest rate on the Notes to the extent lawful; they will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), at the same rate to the extent lawful.

If the California Public Utilities Commission Approval has not been obtained by September 30, 2019, the interest rate accruing on the Notes will increase beginning on such date to a rate of 7.50% per annum until receipt of the California Public Utilities Commission Approval. On the date that the Note Guarantee of each California Utility Guarantor has become effective and each California Utility Guarantor has granted the security interests in the Collateral to secure the Notes as provided under the terms of this Indenture and the Security Documents, the accrual of such additional interest on the Notes will cease and the interest rate will revert to the original rate).

Section 4.02 *Maintenance of Office or Agency.*

The Issuer will maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for transfer or for exchange and where notices and demands to or upon the Issuer in respect of the Notes and this Indenture may be served. The Issuer will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Issuer fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Issuer may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided*, *however*, that no such designation or rescission will in any manner relieve the Issuer of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Issuer will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Issuer hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Issuer in accordance with Section 2.03 hereof.

Section 4.03 *Reports.*

(a) So long as any Notes are outstanding, Parent shall furnish to the Trustee:

(1) within ninety (90) days after the end of each fiscal year (or such longer period as may be permitted by the SEC if Parent were then subject to SEC reporting requirements as a non-accelerated filer), annual reports of the Group containing (A) "Management's Discussion and Analysis of Financial Condition and Results of Operations," (B) audited financial statements prepared in accordance with GAAP and (C) a presentation of Adjusted EBITDA of the Group consistent with the presentation thereof in the Offering Memorandum and derived from such financial statements. Notwithstanding the foregoing, upon the Issuer's election to report pursuant to IFRS, the Issuer shall not be required to provide such information as required pursuant to this clause (1) for the comparable prior fiscal years revised to reflect IFRS results;

(2) within sixty (60) days (or seventy-five (75) days for the fiscal quarter ended December 31, 2017) after the end of each of the first three fiscal quarters of each fiscal year (or such longer period as may be permitted by the SEC if Parent were then subject to SEC reporting requirements as a non-accelerated filer), quarterly reports of the Group containing (A) "Management's Discussion and Analysis of Financial Condition and Results of Operations," (B) unaudited quarterly financial statements prepared in accordance with GAAP and (C) a presentation of Adjusted EBITDA of the Group consistent with the presentation thereof in the Offering Memorandum and derived from such financial statements. Notwithstanding the foregoing, upon the Issuer's election to report pursuant to IFRS, the Issuer shall not be required to provide such information as required pursuant to this clause (2) for the comparable prior fiscal years revised to reflect IFRS results; and

(3) within ten (10) Business Days after the occurrence of each event that would have been required to be reported in a Current Report on Form 8-K under the Exchange Act if Parent had been a reporting company under the Exchange Act, current reports containing substantially all of the information that would have been required to be contained in a Current Report on Form 8-K under the Exchange Act pursuant to Section 4 (Matters Related to Accountants and Financial Statements) and Items 1.03 (Bankruptcy or Receivership), 2.01 (Completion of Acquisition or Disposition of Assets), and 2.03 (Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant) of Form 8-K (but excluding, for the avoidance of doubt, financial statements and exhibits that would be required pursuant to Item 9.01 (Financial Statements and Exhibits) of Form 8-K, other than financial statements and pro forma financial information required pursuant to clauses (a) and (b) of Item 9.01 (Financial Statements and Exhibits) of Form 8-K (in each case relating to transactions required to be reported pursuant to Item 2.01 (Completion of Acquisition or Disposition of Assets) of Form 8-K) to the extent available (as determined by Parent in good faith, which determination shall be conclusive)) if Parent had been a reporting company under the Exchange Act; *provided*, *however*, that no such current report will be required to be furnished if Parent determines in its good faith judgment that such event is not material to Holders or the business, assets, operations, financial position or prospects of the Group, taken as a whole; *provided*, *further*, that no such current report will be required to include as an exhibit, or to include a summary of the terms of, any employment or compensatory arrangement agreement, plan or understanding between an Obligor (or any of its Subsidiaries) and any director, manager or executive officer, of such Obligor (or any of its Subsidiaries).

Notwithstanding the foregoing, such reports (A) will not be required to comply with Section 302 or Section 404 of the Sarbanes-Oxley Act of 2002, or related Items 307 and 308 of Regulation S-K promulgated by the SEC, or Item 10(e) of Regulation S-K (with respect to any non-GAAP financial measures contained therein) and (B) will not be required to contain the separate financial information for Guarantors or Subsidiaries whose securities are pledged to secure the Notes contemplated by Rule 3-09, Rule 3-10 or Rule 3-16 of Regulation S-X promulgated by the SEC; *provided*, *however*, Parent shall not be required to comply with Rule 3-05 of Regulation S-X if Parent determines in its good faith judgment that such event giving rise to the application of Rule 3-05 is not material to the Holders or the business, assets, operations or financial position of the Group, taken as a whole. The availability of any of the foregoing reports (or equivalent information in a registration statement on Form S-1 or other form or report) on the SEC's EDGAR filing system (or other successor electronic filing system) or the Canadian Securities Administrators' SEDAR filing system (or other successor electronic filing system) shall be deemed to satisfy Parent's delivery obligations with respect thereto.

(b) At any time that any Obligor's Subsidiaries are Unrestricted Subsidiaries, then the quarterly and annual reports required by Section 4.03(a) will include (or Parent will separately furnish to the Trustee) a reasonably detailed presentation of the financial condition and results of operations of the Obligors and their Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries.

(c) So long as any Notes are outstanding, (1) within ten (10) Business Days after furnishing to the Trustee annual reports required by Section 4.03(a)(1) (or within ten (10) Business Days after such reports becoming available on the SEC's EDGAR filing system (or other successor electronic filing system) or the Canadian Securities Administrators' SEDAR filing system (or other successor electronic filing system)), Parent will hold a conference call to discuss such reports and the results of operations for the relevant reporting period and (2) if reports required by Section 4.03(a)(1), (a)(2) and (a)(3) are not available on the SEC's EDGAR filing system (or other successor electronic filing system) or the Canadian Securities Administrators' SEDAR filing system (or other successor electronic filing system), Parent will maintain a password protected website via an Intralinks site or other similar password protected website to which Holders and prospective purchasers of Notes are given access upon request to Parent and to which all of the reports required by this Section 4.03 are posted.

(d) In addition, Parent shall furnish to Holders and prospective purchasers of Notes designated by Holders, upon their request, any information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act so long as the Notes are not freely transferable under the Securities Act.

(e) Notwithstanding anything herein to the contrary, for purposes of Section 6.01(4) hereof, (1) Parent will be deemed not to have failed to comply with any of its obligations under Section 4.03(a)(1) until thirty (30)

days after the date any financial statements or reports thereunder are due, and (2) Parent will be deemed not to have failed to comply with any of its obligations under Section 4.03(a)(2) until fifteen (15) days after the date any financial statements or reports thereunder are due.

Delivery of such reports, information and documents to the Trustee is for informational purposes only and the Trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including Parent's compliance with any of its covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

Section 4.04 *Compliance Certificate.*

(a) The Issuer shall deliver to the Trustee, within ninety (90) days after the end of each fiscal year, beginning with the fiscal year ending March 31, 2018, an Officer's Certificate stating that a review of the activities of the Issuer during the preceding fiscal year has been made under the supervision of the signing Officer with a view to determining whether the Issuer has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to such Officer signing such certificate, that to the best of his or her knowledge the Issuer has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default has occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuer is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of, or premium or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Issuer is taking or proposes to take with respect thereto.

(b) [*Reserved*].

(c) So long as any of the Notes are outstanding, the Issuer will deliver to the Trustee, as promptly as practicable upon any Officer of the Issuer becoming aware of any Default or Event of Default with respect to the Notes, an Officer's Certificate specifying such Default or Event of Default and what action the Issuer is taking or proposes to take with respect thereto.

Section 4.05 *Taxes and Tax Treatment of Notes.*

The Issuer and each of the Guarantors shall pay, prior to delinquency, all material taxes, assessments, and governmental levies except any such taxes that are being contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06 *Stay, Extension and Usury Laws.*

The Issuer and each of the Guarantors covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Issuer and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 *Restricted Payments.*

(a) No Obligor will, or will permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of such Obligor's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any such payment in connection with any merger or consolidation involving such Obligor or any of its Re-

stricted Subsidiaries) or to the direct or indirect holders of such Obligor's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of such Obligor or payable to such Obligor or a Restricted Subsidiary of such Obligor);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving any Parent Obligor) any Equity Interests of any Parent Obligor or any direct or indirect parent of any Parent Obligor;

(3) make any (a) principal payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is contractually subordinated to the Notes or the Note Guarantees (excluding any intercompany Indebtedness between or among Obligors and/or any of their Restricted Subsidiaries), in each case prior to any scheduled sinking fund payment, principal installment or Stated Maturity thereof (other than (x) Indebtedness permitted under Sections 4.09(b)(6) and (12) or (y) the purchase, repurchase or other acquisition or retirement of Indebtedness purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of the purchase, repurchase, acquisition or retirement); or (b) principal or interest payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value all or any portion of, Indebtedness under the Unsecured Revolving Credit Agreement or any Permitted Brookfield Subordinated Indebtedness; or

(4) make any Restricted Investment

(all such payments and other actions set forth in these clauses (1) through (4) above being collectively referred to as "*Restricted Payments*"), except that in any fiscal year beginning with the fiscal year commencing April 1, 2018 after completion of and payment of amounts payable under the [redacted]

(b) *Permitted Payments.* The preceding provisions of Section 4.07(a) will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any irrevocable redemption within sixty (60) days after the date of its declaration or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend, distribution or redemption payment would have complied with the provisions of this Indenture;

(2) the making of any Restricted Payment out of the net cash proceeds of a substantially concurrent (a) capital contribution (other than from a Restricted Subsidiary of an Obligor) to the equity capital of an Obligor or sale (other than to an Obligor or a Restricted Subsidiary of an Obligor) of Equity Interests of a Parent Obligor (other than Disqualified Stock), with a sale being deemed substantially concurrent if such Restricted Payment occurs not more than 120 days after such sale; *provided*, *however*, that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will, to the extent included therein, be excluded or deducted from the amount included in clause 2(b) hereof, or (b) in an amount equal to 100% aggregate net cash proceeds received by the Parent Obligors after the issue date as a contribution to their common equity capital or from the issue or sale of Equity Interests of the Parent Obligors (other than Disqualified Stock); *provided* that with respect to this subclause (b) only, the Fixed Charge Coverage

Ratio for the Group's most recently ended four full fiscal quarters for which internal financial statements are available at the time of such Restricted Payment is not less than 2.25 to 1.00;

(3) the defeasance, redemption, repurchase, retirement or other acquisition of subordinated Indebtedness of an Obligor, or any Disqualified Stock of an Obligor, with the net cash proceeds from an incurrence of, or in exchange for, Permitted Refinancing Indebtedness;

(4) the payment of any dividend or distribution by a Restricted Subsidiary of an Obligor to the holders of its Equity Interests on a pro rata basis;

(5) so long as no Default (other than a Reporting Default) has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of an Obligor or any Restricted Subsidiary of an Obligor held by any current or former officer, director or employee of an Obligor or any Affiliate of an Obligor pursuant to any equity subscription agreement or plan, stock or unit option agreement, shareholders' agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed (x) $2.5 million in any calendar year or (y) subsequent to the consummation of an underwritten Public Equity Offering of common stock (or other equivalent Equity Interests) of a Parent Obligor or any direct or indirect parent of a Parent Obligor, $5.0 million in any calendar year; *provided, further,* that such amount in any calendar year may be increased by an amount not to exceed (a) the cash proceeds received by an Obligor or any of its Restricted Subsidiaries from the sale of Equity Interests of an Obligor to members of management or directors of such Obligor or its Affiliates that occurs after the issue date (to the extent the cash proceeds from the sale of such Equity Interests have not otherwise been applied to the payment of Restricted Payments by virtue of clause(2) of Section 4.07(a), plus (b) the cash proceeds of key man life insurance policies received by an Obligor or any of its Restricted Subsidiaries after the issue date;

(6) the remittance of any Canadian withholding taxes that are payable in connection with (i) the payment of interest on the Permitted Brookfield Subordinated Indebtedness or under the Unsecured Revolving Credit Agreement where such interest is paid in-kind by way of addition to the principal amount of the Permitted Brookfield Subordinated Indebtedness or the principal amount owing under the Unsecured Revolving Credit Agreement or (ii) the deemed payment of interest on the Permitted Brookfield Subordinated Indebtedness or under the Unsecured Revolving Credit Agreement by way of making an election under paragraph 78(1)(b) of the Income Tax Act (Canada) (or any successor provision);

(7) so long as no Default (other than a Reporting Default) has occurred and is continuing or would be caused thereby, payments of dividends or other distributions on Disqualified Stock issued pursuant to Section 4.09 hereof;

(8) repurchases of Capital Stock deemed to occur upon exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price of such options, warrants or convertible securities;

(9) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible or exchangeable for Capital Stock of a Parent Obligor or any of its Restricted Subsidiaries;

(10) so long as no Default (other than a Reporting Default) has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any subordinated Indebtedness pursuant to provisions similar to those described under Section 4.10 or Section 4.15; *provided* that all Notes tendered by Holders in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased in accordance with the applicable provisions of this Indenture;

(11) any payments in connection with a consolidation, merger or transfer of assets in connection with a transaction that is not prohibited by this Indenture not to exceed $5.0 million in the aggregate after the date of this Indenture;

(12) for so long as the Obligors or any of their Subsidiaries are members of a group filing a consolidated, combined, affiliated or unitary income tax return with Parent or any other direct or indirect parent of Parent, Restricted Payments to Parent or such other direct or indirect parent of Parent in amounts required for Parent or such other parent entity to pay federal, national, foreign, state and local income taxes (and franchise taxes) imposed on such entity to the extent such income taxes (and franchise taxes) are attributable to the income of the Obligors and their Subsidiaries; *provided*, *however*, that the amount of such payments in respect of any tax year does not, in the aggregate, exceed the amount that the Obligors and their Subsidiaries that are members of such consolidated, combined, affiliated or unitary group would have been required to pay in respect of federal, national, foreign, state and local income and/or franchise taxes (as the case may be) in respect of such year if the Obligors and their Subsidiaries paid such income taxes directly on a separate company basis or as a standalone consolidated, combined, affiliated or unitary income (or franchise in lieu of income) tax group (reduced by any such taxes paid directly by the Obligors or any of their Subsidiaries);

(13) the declaration and payment of dividends, other distributions or other amounts to, or the making of loans to Parent or any other direct or indirect parent of Parent, in the amount required for such entity to, if applicable:

(a) pay amounts equal to the amounts required for Parent or any other direct or indirect parent of Parent to pay fees and expenses (including Related Taxes), customary salary, bonus and other benefits payable to, and indemnities provided on behalf of, officers, employees, directors, managers, consultants or independent contractors of Parent or any other direct or indirect parent of Parent, if applicable, and general corporate operating (including, without limitation, expenses related to auditing and other accounting matters) and overhead costs and expenses of Parent or any direct or indirect parent of Parent, if applicable, in each case to the extent such fees, expenses, salaries, bonuses, benefits and indemnities are attributable to the ownership or operation of the Obligors and their Subsidiaries;

(b) pay fees and expenses incurred by Parent or any other direct or indirect parent of Parent related to (i) the maintenance of such parent entity of its corporate or other entity existence and performance of its obligations under this Indenture and similar obligations under any Credit Agreement, (ii) any unsuccessful equity or debt offering of such parent entity (or any debt or equity offering from which such parent does not receive any proceeds) and (iii) any equity or debt issuance, incurrence or offering, any disposition or acquisition or any investment transaction by the Parent Obligors or any of their Restricted Subsidiaries (or any acquisition of or investment in any business, assets or property that will be contributed to the Parent Obligors or any of their Restricted Subsidiaries as part of the same or a related transaction) permitted by this Indenture;

(c) pay franchise and excise taxes and other fees, taxes and expenses in connection with any ownership of the Obligors or any of their Subsidiaries or required to maintain their organizational existences;

(d) make payments for the benefit of the Obligors or any of their Restricted Subsidiaries to the extent such payments could have been made by the Obligors or any of their Restricted Subsidiaries because such payments (x) would not otherwise be Restricted Payments and (y) would be permitted by Section 4.11 (other than by virtue of the exception for Restricted Payments specified in Section 4.11(b)(6) or the exception specified in Section 4.11(b)(14)), including, without limitation, dividends or other payments (i) to reimburse the Sponsors for reasonable fees and expenses, and provide indemnification, related to management services provided by the Sponsors for the business and investments of the Obligors and their Restricted Subsidiaries, (ii) for customary fees, expense reimbursement and indemnification related to advisory, financing, underwriting and placement advisory services provided by the Sponsors to the Obligors and their Restricted

Subsidiaries, or (iii) to enable the Tres Palacios Entities to make Permitted Business Investments required under the joint venture agreement for Tres Palacios Gas Storage LLC; and

(e) Restricted Payments to any direct or indirect parent of an Obligor to finance, or to any direct or indirect parent of an Obligor for the purpose of paying to any other direct or indirect parent of such Obligor to finance, any Investment that, if consummated by an Obligor or any Restricted Subsidiary, would be a Permitted Investment; *provided* that (a) such Restricted Payment is made substantially concurrently with the closing of such Investment and (b) promptly following the closing thereof, such direct or indirect parent of an Obligor causes (i) all property acquired (whether assets or Equity Interests) to be contributed to the Obligor or any Restricted Subsidiary or (ii) the merger, consolidation or amalgamation (to the extent permitted under Section 5.01) of the Person formed or acquired into an Obligor or any Restricted Subsidiary in order to consummate such acquisition or Investment, in each case, in accordance with the requirements of Section 4.17;

(14) repayments of Indebtedness incurred under the Unsecured Revolving Credit Agreement pursuant to Section 4.09(b)(22)(a) and accrued interest thereon to the extent that such Indebtedness is repaid within 180 days of the date on which it is incurred;

(15) Restricted Payments made with the net cash proceeds from the sale or other disposition of the Tres Palacios Entities, distributions in the form of returns of capital from the Tres Palacios Entities or the dividend or distribution of the Capital Stock or assets of the Tres Palacios Entities; *provided* that the Fixed Charge Coverage Ratio of the Group for the most recently ended four full fiscal quarters for which the Group's internal financial statements are available at the time of such Restricted Payments is not less than 2.25 to 1.00 (after giving pro forma effect to such transaction as if the same had occurred at the beginning of the applicable four-quarter period);

(16) any Restricted Payments made in connection with the consummation of the Transactions and the payment of any reasonable fees or expenses in connection therewith, including any dividends, payments or loans made to the Issuer or any direct or indirect parent of the Issuer to enable them to make any such payments, including for the redemption, repayment or defeasance of or other payment with respect to the satisfaction and discharge of the 2019 notes in accordance with the terms thereof; and

(17) so long as no Default (other than a Reporting Default) has occurred or is continuing or would be caused thereby, beginning March 31, 2019 any Restricted Payments in an aggregate amount, taken together with all other Restricted Payments pursuant to this clause (17) since the issue date, not to exceed $35.0 million.

Notwithstanding anything to the contrary in the foregoing, Restricted Investments in assets and property constituting Collateral (other than cash and Cash Equivalents) made pursuant to Section 4.07(a) may only be made in Guarantors.

(c) The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by an Obligor or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. For purposes of determining compliance with this Section 4.07, in the event that a Restricted Payment meets the criteria of more than one of the categories of Restricted Payments described in the preceding Section 4.07(b)(1) through Section 4.07(b) (16) hereof, the Issuer will be permitted to classify (or later classify or reclassify in whole or in part in its sole discretion) such Restricted Payment in any manner that complies with this Section 4.07.

Section 4.08 *Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries.*

(a) No Obligor will or will permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to such Obligor or any of its Restricted Subsidiaries, or pay any Indebtedness or other obligations owed to such Obligor or any of its Restricted Subsidiaries; *provided* that (i) the priority that any series of preferred stock of a Restricted Subsidiary has in receiving dividends or liquidating distributions before dividends or liquidating distributions are paid in respect of common stock of such Restricted Subsidiary shall not constitute a restriction on the ability to pay or make dividends or distributions on Capital Stock for purposes of this covenant and (ii) the subordination of Indebtedness owed to such Obligor or any of its Restricted Subsidiaries to other Indebtedness incurred by such Obligor or any of its Restricted Subsidiaries shall not be deemed a restriction on the ability to pay Indebtedness;

(2) make loans or advances to such Obligor or any of its Restricted Subsidiaries (it being understood that the subordination of loans or advances made to such Obligor or any of its Restricted Subsidiaries to other Indebtedness incurred by such Obligor or any of its Restricted Subsidiaries shall not be deemed a restriction on the ability to make loans or advances); or

(3) transfer any of its properties or assets to such Obligor or any of its Restricted Subsidiaries.

(b) However, the preceding restrictions in Section 4.08(a) hereof will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements as in effect on the date of this Indenture and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements or the Indebtedness to which they relate; *provided* that the encumbrances or restrictions contained in the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend, distribution and other payment restrictions than those contained in those agreements on the date of this Indenture as determined in good faith by such Obligor;

(2) this Indenture, the Notes, the Note Guarantees and the Security Documents;

(3) agreements governing other Indebtedness permitted to be incurred under the provisions of Section 4.09 hereof and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the encumbrances or restrictions contained therein are not materially more restrictive, taken as a whole, than those contained in this Indenture, the Notes and the Note Guarantees, the Credit Agreement, the Unsecured Revolving Credit Agreement or the Existing Promissory Notes in effect on the date of this Indenture, as determined in good faith by such Obligor;

(4) applicable law, rule, regulation, order, approval, license, permit or similar restrictions;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by an Obligor or any of its Restricted Subsidiaries as in effect at the time of such acquisition, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was otherwise permitted by the terms of this Indenture to be incurred, and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided, further*, that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the date of such acquisition as determined in good faith by such Obligor;

(6) customary non-assignment provisions in Hydrocarbon purchase and sale or exchange agreements or similar operational agreements or in licenses, sublicenses, leases or subleases, in each case, entered into in the ordinary course of business and consistent with past practices;

(7) Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in Section 4.08(a)(3);

(8) any agreement for the sale or other disposition of a Restricted Subsidiary of an Obligor that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive (as determined in good faith by such Obligor), taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(10) Liens permitted to be incurred under the provisions of Section 4.12 hereof that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;

(12) any agreement or instrument relating to any property or assets acquired after the date of this Indenture, so long as such encumbrance or restriction relates only to the property or assets so acquired and is not and was not created in anticipation of such acquisitions;

(13) restrictions on cash or other deposits or net worth imposed by customers, suppliers or landlords under contracts entered into in the ordinary course of business;

(14) encumbrances and restrictions contained in the terms of any Indebtedness or any agreement pursuant to which such Indebtedness was issued if the encumbrance or restriction applies only in the event of a Payment Default or default with respect to a financial covenant contained in such Indebtedness or agreement and such encumbrance or restriction is not materially more disadvantageous to the Holders of the Notes than is customary in comparable financings (as determined in good faith by such Obligor) and such Obligor determines that any such encumbrance or restriction will not materially affect the Issuer's ability to make principal or interest payments on the Notes;

(15) restrictions on the sale, lease or transfer of property or assets arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of an Obligor or any of its Restricted Subsidiaries in any manner material to such Obligor or any of its Restricted Subsidiaries;

(16) encumbrances, restrictions or Guarantees contained in contracts entered into in the ordinary course of business, not relating to any Indebtedness, and that do not, taken as a whole, detract from the value of, or from the ability of an Obligor and its Restricted Subsidiaries to realize the value of, property or assets of an Obligor or any of its Restricted Subsidiaries in any manner material to such Obligor or any such Restricted Subsidiary, as determined in good faith by such Obligor; *provided* that, in the case of the Issuer, such encumbrances or restrictions will not materially affect the Issuer's ability to make principal or interest payments on the Notes, as determined in good faith by the Issuer; and

(17) any Permitted Investment.

Section 4.09 *Incurrence of Indebtedness and Issuance of Disqualified Stock.*

(a) No Obligor will, or will permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "*incur*") any Indebtedness (including Acquired Debt) and no Obligor will, or will permit its

Restricted Subsidiaries to, issue any Disqualified Stock; *provided*, *however*, that an Obligor and any of its Restricted Subsidiaries may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, if (i) the Fixed Charge Coverage Ratio of the Group for the most recently ended four full fiscal quarters for which the Group's internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock is issued (each, a "four-quarter reference period") would have been at least 2.5 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter reference period; and (ii) any holders of such Indebtedness (including Acquired Debt) or Disqualified Stock which is secured by the Collateral are party to the Intercreditor Agreement and any "Permitted Lien" related to such Indebtedness (including Acquired Debt) or Disqualified Stock is governed by the Intercreditor Agreement.

No California Utility Guarantor will incur any Indebtedness (including Acquired Debt) and no California Utility Guarantor will issue any Disqualified Stock, in each case that would require the approval of the California Public Utilities Commission, unless the Note Guarantee of such California Utility Guarantor has become effective.

(b) The provisions of Section 4.09(a) hereof will not prohibit the incurrence of any of the following items of Indebtedness or issuances of Disqualified Stock (collectively, "*Permitted Debt*"):

(1) the incurrence by an Obligor or any of its Restricted Subsidiaries of additional Indebtedness (including letters of credit) under one or more Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1), including all Permitted Refinancing Indebtedness incurred to renew, refinance or replace, defease or discharge any Indebtedness incurred pursuant to this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Obligors and their Subsidiaries thereunder), not to exceed the greater of (a) $280.0 million or (b) 25% of the Combined Net Tangible Assets of the Group determined at the date of such incurrence;

(2) the incurrence by an Obligor or its Restricted Subsidiaries of the Existing Indebtedness other than Indebtedness permitted under clause (6) of this Section 4.09(b);

(3) the incurrence by the Obligors of Indebtedness represented by the Initial Notes and the related Note Guarantees;

(4) the incurrence by an Obligor or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation, development, repair or improvement of property, plant or equipment used in the business of such Obligor or a Restricted Subsidiary (together with improvements, additions, accessions and contractual rights relating primarily thereto), in an aggregate principal amount at any time outstanding, including all Indebtedness incurred to renew, refund, refinance or replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of (a) $35.0 million and (b) 2.75% of the Combined Net Tangible Assets of the Group determined at the date of such incurrence;

(5) the incurrence by an Obligor or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness that was permitted by this Indenture to be incurred under Section 4.09(a) above or clauses (2), (3), (18) or (19) of this Section 4.09(b) or this clause (5);

(6) the incurrence by an Obligor or any of its Restricted Subsidiaries of intercompany Indebtedness between or among Obligors and/or any Restricted Subsidiaries of the Obligors; *provided*, *however*, that:

(a) if the Issuer is the obligor on such Indebtedness and a Guarantor is not the obligee, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, or if a Guarantor is the obligor on such Indebtedness and

neither the Issuer nor another Guarantor is the obligee, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Note Guarantee of such Guarantor; and

(b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than an Obligor or a Restricted Subsidiary of an Obligor and (ii) any sale or other transfer of any such Indebtedness to a Person that is neither an Obligor nor a Restricted Subsidiary of an Obligor will be deemed, in each case, to constitute an incurrence of such Indebtedness by such Obligor or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the incurrence by an Obligor or any of its Restricted Subsidiaries of Hedging Obligations;

(8) the guarantee by an Obligor or any of its Restricted Subsidiaries of Indebtedness of an Obligor or any of its Restricted Subsidiaries that was permitted to be incurred by another provision of this Section 4.09 (other than clause (22) below);

(9) the incurrence by an Obligor or any of its Restricted Subsidiaries of obligations relating to net gas balancing positions arising in the ordinary course of business and consistent with past practice;

(10) the incurrence by an Obligor or any of its Restricted Subsidiaries of Permitted Hedged Inventory Obligations and Permitted Operating Obligations;

(11) the incurrence by an Obligor or any of its Restricted Subsidiaries of, to the extent such obligations constitute Indebtedness, self-insurance obligations, bid, performance, surety, appeal, performance and similar bonds and completion guarantees issued or provided by, or for the account of, an Obligor or any of its Restricted Subsidiaries in the ordinary course of business, including Guarantees and obligations of an Obligor or any of its Restricted Subsidiaries with respect to letters of credit supporting such obligations (in each case other than an obligation for money borrowed);

(12) the issuance by any Restricted Subsidiary of an Obligor to such Obligor or to any of its Restricted Subsidiaries of any Disqualified Stock; *provided*, *however*, that:

(a) any subsequent issuance or transfer of Equity Interests that results in any such preferred securities being held by a Person other than an Obligor or a Restricted Subsidiary of an Obligor; and

(b) any sale or other transfer of any such preferred securities to a Person that is not either an Obligor or a Restricted Subsidiary of an Obligor,

shall be deemed, in each case, to constitute an issuance of such preferred securities by such Restricted Subsidiary that was not permitted by this clause (12);

(13) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided*, *however*, that such Indebtedness is promptly extinguished;

(14) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business;

(15) Indebtedness arising from indemnification, guarantees (other than guarantees of Indebtedness), adjustment of purchase price, earn-out or similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets of an Obligor or any of its Restricted Subsidiaries or Equity Interests of any Obligor or Restricted Subsidiary of an Obligor, other than

Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Equity Interests for the purpose of financing or in contemplation of any such acquisition;

(16) Indebtedness owed on a short-term basis to banks and other financial institutions incurred in the ordinary course of business of an Obligor and any of its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of such Obligor or Restricted Subsidiary;

(17) Indebtedness of an Obligor or any of its Restricted Subsidiaries consisting of the financing of insurance premiums, in each case, in the ordinary course of business;

(18) Indebtedness or Disqualified Stock of (a) an Obligor or any of its Restricted Subsidiaries incurred or issued to finance an acquisition or (b) Persons that are acquired by an Obligor or any of its Restricted Subsidiaries or merged, consolidated or amalgamated with or into an Obligor or any of its Restricted Subsidiaries in accordance with the terms of this Indenture or that otherwise become Obligors; *provided* that after giving effect to such acquisition or merger, consolidation or amalgamation, either: (i) the Issuer would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof; or (ii) the Fixed Charge Coverage Ratio of the Group would be no less than immediately prior to such acquisition or merger, consolidation or amalgamation;

(19) [Reserved];

(20) the incurrence by an Obligor or any of its Restricted Subsidiaries of liability in respect of Indebtedness of any Unrestricted Subsidiary of an Obligor or any Joint Venture but only to the extent that such liability is the result of (a) such Obligor's or any such Restricted Subsidiary's being a general partner or member of, or owner of an Equity Interest in, such Unrestricted Subsidiary or Joint Venture and not as guarantor of such Indebtedness; *provided* that after giving effect to any such incurrence, the aggregate principal amount of all Indebtedness incurred under this clause (20) and then outstanding does not exceed $25.0 million or (b) the pledge of (or a Guarantee limited in recourse solely to) Equity Interests in such Unrestricted Subsidiary or Joint Venture held by such Obligor or such Restricted Subsidiary to secure such Indebtedness and solely to the extent such Indebtedness constitutes Non-Recourse Debt;

(21) the incurrence by an Obligor or any of its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refinance or replace, defease or discharge any Indebtedness incurred pursuant to this clause (21), not to exceed the greater of (a) $40.0 million and (b) 3.00% of the Combined Net Tangible Assets of the Group determined at the date of such incurrence; and

(22) (a) Indebtedness under the Unsecured Revolving Credit Agreement up to $100.0 million in the aggregate outstanding at any one time, and payment-in-kind interest added to the principal amount thereof and (b) Permitted Brookfield Subordinated Indebtedness.

(c) For purposes of determining compliance with this Section 4.09 and Section 4.12 hereof, in the event that an item of Indebtedness (including Acquired Debt) meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (22) of Section 4.09(b) hereof, or is entitled to be incurred pursuant to Section 4.09(a) hereof, the Issuer will be permitted to divide, classify and reclassify such item of Indebtedness on the date of its incurrence, or later redivide or reclassify in whole or in part in its sole discretion in any manner that complies with this Section 4.09. Any Indebtedness under Credit Facilities on the date of this Indenture shall initially be considered incurred under Section 4.09(b)(1) above.

(d) The accrual of interest or preferred stock dividends or distributions, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified

Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09; *provided*, in each such case, that the amount thereof is included in Fixed Charges of the Group as accrued. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar-equivalent principal amount of Indebtedness denominated in a currency other than U.S. dollars will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred; *provided* that if such Indebtedness is incurred to extend, replace, refund, refinance, renew or defease, or that is exchanged for, other Indebtedness denominated in a currency other than U.S. dollars, and such extension, replacement, refunding, refinancing, renewal, defeasance or exchange would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such extension, replacement, refunding, refinancing, renewal, defeasance or exchange, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being extended, replaced, refunded, refinanced, renewed, defeased or exchanged. Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that an Obligor or any of its Restricted Subsidiaries may incur pursuant to this Section 4.09 shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

(e) In the event an item of Indebtedness or Disqualified Stock (or any portion thereof) is incurred or issued, any Lien is incurred or other transaction is undertaken on the same date that any other item of Indebtedness or Disqualified Stock (or any portion thereof) is incurred or issued, any other Lien is incurred or other transaction is undertaken, then the Fixed Charge Coverage Ratio will be calculated with respect to such incurrence, issuance or other transaction without regard to any other incurrence, issuance or transaction. Each item of Indebtedness or Disqualified Stock that is incurred or issued, each Lien incurred and each other transaction undertaken will be deemed to have been incurred, issued or taken first, to the extent available, pursuant to the relevant Fixed Charge Coverage Ratio.

(f) In the case of any refinancing of any Indebtedness being incurred under Section 4.09(b)(1), (4), (20) or (21), the maximum principal amount permitted to be incurred under such clause shall not be deemed to be exceeded: (a) to the extent such excess is attributable to fees and expenses incurred in connection with such refinancing and prepayment premiums (including reasonable tender premiums) and accrued interest on the Indebtedness incurred under such clause being refinanced or (b) if the Indebtedness being refinanced was incurred under such clause based on a measure of the Combined Net Tangible Assets of the Group and the principal amount of the refinancing Indebtedness being incurred does not exceed the outstanding principal amount of the Indebtedness incurred under such clause being refinanced at the time of such refinancing plus the amount permitted under clause (a) of this paragraph.

(g) Notwithstanding anything to the contrary in this Indenture, no Obligor will, or will permit any of its Restricted Subsidiaries, to incur Indebtedness owed to the Sponsor except (a) as permitted by Section 4.09(b)(22) and (b) any Indebtedness incurred after the date hereof; *provided* that in the case of clause (b), such Indebtedness (i) shall be subordinated in right of payment to the Notes on terms not less favorable to the Holders in any material respect than the subordination terms for the Existing Promissory Notes in effect on the date of this Indenture and (ii) is not secured by a Lien on the Collateral.

Section 4.10 *Asset Sales.*

(a) No Obligor will, nor will it permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) such Obligor (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) except in the case of a Permitted Asset Swap, at least 75% of the consideration received in the Asset Sale by such Obligor or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the most recent combined consolidated balance sheet of the Group or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases such Obligor or such Restricted Subsidiary from or indemnifies against further liability;

(B) any securities, notes or other obligations received by such Obligor or any such Restricted Subsidiary from such transferee that are converted by such Obligor or such Restricted Subsidiary into cash within 180 days after such Asset Sale, to the extent of the cash received in that conversion;

(C) any Designated Non-cash Consideration received by such Obligor or any of its Restricted Subsidiaries in such Asset Sale; *provided* that the aggregate Fair Market Value of such Designated Non-cash Consideration, taken together with the Fair Market Value at the time of receipt of all other Designated Non-cash Consideration received pursuant to this clause (C) less the amount of Net Proceeds previously realized in cash from prior Designated Non-cash Consideration is less than the greater of (x) $30.0 million and (y) 2.50% of the Combined Net Tangible Assets of the Group at the time of receipt of such Designated Non-cash Consideration; and

(D) any property, stock or assets of the kind referred to in clauses (1), (3) or (4) of Section 4.10(b) hereof; and

(3) to the extent that any consideration received by such Obligor in such Asset Sale constitutes property or other assets that are of a type or class that constitutes Fixed Asset Collateral, such property or other assets are added to the Fixed Asset Collateral securing the Notes in the manner and to the extent required by this Indenture or any of the Fixed Asset Security Documents with the Lien on such Fixed Asset Collateral securing the Notes being of the same priority with respect to the Notes as the Lien on the property or assets disposed of in the Asset Sale.

(b) Within 365 days after the receipt of (a) any Net Proceeds from an Asset Sale by an Obligor (or the applicable Restricted Subsidiary, as the case may be) or (b) any Contribution Proceeds received by an Obligor as a result of a sale or other disposition of an Obligor by the Sponsors, such Obligor (or the applicable Restricted Subsidiary, as the case may be) or another Person in the Group may apply an amount equal to such Net Proceeds or Contribution Proceeds, at its option:

(1) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business; *provided* that (a) in the case of any such acquisition of Capital Stock, after giving effect thereto, the Permitted Business is or becomes an Obligor or a Restricted Subsidiary of an Obligor and (b) in the case of any such acquisition of assets, to the extent such Net Proceeds or Contribution Proceeds resulted from an Asset Sale of Fixed Asset Collateral, such assets are added to the Fixed Asset Collateral following their acquisition;

(2) to repay ABL Debt to the extent that such Net Proceeds or Contribution Proceeds resulted from an Asset Sale of Current Asset Collateral;

(3) to make a capital expenditure; *provided* that to the extent that such Net Proceeds or Contribution Proceeds resulted from an Asset Sale of Fixed Asset Collateral, such capital expenditure shall constitute Fixed Asset Collateral;

(4) to acquire other assets that are not classified as current assets under GAAP and that are used or useful in a Permitted Business; *provided* that, to the extent such Net Proceeds or Contribution Proceeds resulted from an Asset Sale of Fixed Asset Collateral, such acquired assets are added to the Fixed Asset Collateral following their acquisition;

(5) in the case of an Asset Sale by a Restricted Subsidiary that is not a Guarantor, to repay, repurchase or redeem Indebtedness of an Obligor or any Restricted Subsidiary that is not contractually subordinated in right of payment to the Notes;

(6) (a) to repay, repurchase or redeem Fixed Asset Debt of the Obligor, including the Notes and (b) if the assets or property disposed of in the Asset Sale were not Collateral, (x) in respect of any Asset Sale involving assets or property other than Fixed Asset Collateral, to repay, repurchase or redeem other Indebtedness of an Obligor that ranks *pari passu* in right of payment with the Notes or any Note Guarantee, as applicable, without giving effect to collateral arrangements ("*Pari Passu Indebtedness*"); *provided* that, in the case of each of subclauses (a) and (b)(x) of this clause (6), if the Obligor shall so repay, repurchase or redeem Indebtedness other than the Notes, such Obligor shall also equally and ratably offer to reduce Indebtedness under the Notes by making an offer (in accordance with the procedures set forth in Section 4.10(e) hereof) to the Holders of the Notes at an offer price in cash in an amount equal to 100% of the principal amount thereof, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in Section 4.10(e) hereof and (y) repay, repurchase or redeem Indebtedness of a Restricted Subsidiary that is not a Guarantor; or

(7) any combination of the foregoing clauses (1) through (6), as applicable.

(c) In the case of clauses (1), (3) and (4) of Section 4.10(b) hereof, an Obligor (or the applicable Restricted Subsidiary, as the case may be) will be deemed to have complied with its obligations in Section 4.10(b) hereof if it enters into a binding commitment to acquire such assets or Capital Stock or make such capital expenditure prior to 365 days after the receipt of the applicable Net Proceeds or Contribution Proceeds; *provided* that such binding commitment will be subject only to customary conditions and such acquisition or expenditure is completed within 180 days following the expiration of the aforementioned 365-day period.

(d) Pending the final application of any Net Proceeds from an Asset Sale or Contribution Proceeds, such Obligor (or the applicable Restricted Subsidiary) or another Person in the Group may temporarily reduce revolving credit borrowings or otherwise use or invest the Net Proceeds or Contribution Proceeds in any manner that is not prohibited by this Indenture or the Security Documents.

(e) Any Net Proceeds from Asset Sales and Contribution Proceeds that are not applied or invested as provided in Section 4.10(b) or Section 4.10(c) (or any applicable Net Proceeds or Contribution Proceeds not applied on or before the 180th day following the binding commitment contemplated by Section 4.10(d)) will constitute "*Excess Proceeds*." When the aggregate amount of Excess Proceeds exceeds $25.0 million, within forty-five (45) days thereof, the Issuer will make an offer (an "*Asset Sale Offer*") to all Holders of Notes and all holders of Fixed Asset Debt and, if the asset or property disposed of in the Asset Sale was not Collateral, all holders of Pari Passu Indebtedness, in each case, containing provisions similar to those set forth in this Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets in accordance with Section 3.08 hereof to purchase, prepay or redeem the maximum principal amount of Notes and such Fixed Asset Debt or Pari Passu Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, prepayment or redemption, subject to the rights of Holders of Notes on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date, prepayment date or purchase date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, any Obligor or its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and other Fixed Asset Debt or Pari Passu Indebtedness, as applicable, tendered into (or required to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, the Parent will select the Notes (and the Issuer will select such Fixed Asset Debt or Pari Passu Indebtedness, as applicable) to be purchased, prepaid or redeemed on a pro rata basis, based on the amounts tendered (with such adjustments as may be deemed appropriate by the Parent so that only Notes in denominations of $2,000, or an integral multiple of $1,000 in excess thereof, will be purchased, prepaid or redeemed), and with respect to the Notes, the Trustee shall select the tendered Notes for purchase, prepayment or redemption by such method as it shall deem fair and appropriate (*provided* that if the Notes are in global form, interests in such Global Notes will be selected for purchase, prepayment or redemption by DTC

in accordance with its standard procedures therefor). Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

(f) The Obligors will not enter into any agreement that requires the proceeds received from any sale of Collateral to be applied to repay, redeem, defease or otherwise acquire or retire any Indebtedness of any Person, other than as permitted by this Indenture, the Notes and the Security Documents.

(g) The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer or an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control or Asset Sale provisions of Section 3.08 hereof or this Section 4.10, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under Section 3.08 hereof or this Section 4.10 by virtue of such compliance.

Section 4.11 *Transactions with Affiliates.*

(a) No Obligor will, or will permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of an Obligor (other than transactions with entities on an arms-length basis existing on the date of this Indenture) (each, an "*Affiliate Transaction*"), involving aggregate payments or consideration in excess of $2.0 million for any Affiliate Transaction or series of related Affiliate Transactions unless:

(1) the Affiliate Transaction is on terms that are no less favorable to such Obligor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by such Obligor or such Restricted Subsidiary with an unrelated Person or, if in the good faith judgment of the Board of Directors of such Obligor, no comparable transaction is available with which to compare such Affiliate Transaction, such Affiliate Transaction is otherwise fair to such Obligor or the relevant Restricted Subsidiary from a financial point of view; and

(2) Parent delivers to the Trustee, with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, an Officer's Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this Section 4.11(a).

(b) The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of Section 4.11(a) hereof:

(1) any employment or consulting agreement, employee benefit plan, stock option or stock ownership plan, officer or director indemnification agreement or any similar arrangement entered into by an Obligor or any of its Restricted Subsidiaries in the ordinary course of business and payments pursuant thereto and issuances of Capital Stock, options, warrants or other rights to acquire Capital Stock, in each case, pursuant thereto;

(2) transactions between or among Obligors and/or any of their Restricted Subsidiaries;

(3) transactions with a Person (other than an Unrestricted Subsidiary of an Obligor) that is an Affiliate of an Obligor solely because such Obligor owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary compensation (including bonuses) fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of an Obligor or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of an Obligor to Affiliates of such Obligor;

(6) Restricted Payments that do not violate Section 4.07 hereof (except as otherwise provided in Section 4.07(b)(13)(d)) and Permitted Investments;

(7) loans or advances to employees in the ordinary course of business not to exceed $2.0 million in the aggregate at any one time outstanding;

(8) transactions with Affiliates relating to the purchase or sale of Hydrocarbons, the lease of storage capacity or the transportation of Hydrocarbons that are entered into in the ordinary course of business on terms substantially similar to those contained in similar contracts entered into by an Obligor or any of its Restricted Subsidiaries with unrelated third parties, or if neither such Obligor nor any such Restricted Subsidiary has entered into a similar contract with a third party, then the terms are no less favorable than those available from third parties on an arm's length basis;

(9) all transactions described under the "Certain Relationships and Related Party Transactions" section of the Offering Memorandum;

(10) transactions with Unrestricted Subsidiaries, customers, clients, suppliers or purchasers or sellers of goods or services, or lessors or lessees of property, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture which are, in the aggregate (taking into account all the costs and benefits associated with such transactions), not materially less favorable to an Obligor and its Restricted Subsidiaries than those that would have been obtained in a comparable transaction by such Obligor or such Restricted Subsidiary with an unrelated Person, in the good faith determination of any officer of such Obligor involved in or otherwise familiar with such transaction, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated party;

(11) the payments to Affiliates made in accordance with the terms of, and in an amount not to exceed that required by, the operating agreement of Parent in effect as of the date of this Indenture;

(12) transactions with Persons solely in their capacity as holders of Indebtedness or Capital Stock of an Obligor or any of its Restricted Subsidiaries, where such Persons are treated no more favorably than holders of such Indebtedness or such Capital Stock of such Obligor or such Restricted Subsidiary;

(13) any transaction in which an Obligor or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an accounting, appraisal, advisory or investment banking firm of national standing stating that such transaction is fair to such Obligor or such Restricted Subsidiary from a financial point of view or that such transaction meets the requirements of clause (1) of Section 4.11(a) hereof;

(14) any payments permitted by clause (12) or (13) of Section 4.07(b);

(15) payment of Indebtedness under the Unsecured Revolving Credit Agreement, including interest thereon;

(16) transactions to effect the Transactions and the payment of all transaction, underwriting, commitment and other fees and expenses related to the Transactions; and

(17) transactions with Affiliates relating to the Tres Palacios Capacity Contract.

Section 4.12 *Liens.*

No Obligor will, or will permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) securing Indebtedness

upon any of their property or assets, now owned or hereafter acquired (including any assets of the California Utility Guarantors prior to the effective date of the Note Guarantees that would be required to be Collateral if they were Guarantors). If any Obligor creates any Lien upon any property or assets to secure any Fixed Asset Debt or ABL Debt, it must concurrently grant a first-priority Lien (subject to Permitted Liens) upon such property or assets that would constitute Fixed Asset Collateral or a second-priority Lien (subject to Permitted Liens) upon such property or assets that would constitute Current Asset Collateral as security for the Notes or the applicable Note Guarantee such that the property or assets subject to such Lien will constitute Collateral under this Indenture and the Security Documents.

Section 4.13 [Reserved].

Section 4.14 *Existence.*

Subject to Article 5 hereof, each Parent Obligor shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(1) its corporate, limited liability company, limited partnership or other existence, and the corporate, limited liability company, limited partnership or other existence of each of its Restricted Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of such Parent Obligor or any of its Restricted Subsidiaries; and

(2) the rights (charter and statutory), licenses and franchises of such Parent Obligor or any of its Restricted Subsidiaries; *provided*, *however*, that such Parent Obligor shall not be required to preserve any such right, license or franchise, or the corporate, limited liability company, limited partnership or other existence of any of its respective Subsidiaries if the Board of Directors of such Parent Obligor shall determine that the preservation thereof is no longer desirable in the conduct of the business of such Parent Obligor or any of its Restricted Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

Section 4.15 *Offer to Repurchase Upon Change of Control.*

(a) If a Change of Control occurs, each Holder will have the right to require the Issuer to repurchase all or any part of that Holder's Notes pursuant to this Section 4.15 (a "*Change of Control Offer*"). In the Change of Control Offer, the Issuer will offer the Holders a purchase price in cash equal to 101% of the aggregate principal amount of Notes to be repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to, but not including, the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on an interest payment date occurring on or prior to the date of purchase (the "*Change of Control Payment*"). The Notes may be purchased in part in principal amounts of $2,000 or integral multiples of $1,000 in excess thereof. Prior to or within thirty (30) days following any Change of Control, the Issuer will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and stating:

(1) that the Change of Control Offer is being made pursuant to this Section 4.15 and that all Notes tendered will be accepted for payment;

(2) the purchase price and the purchase date, which shall be no earlier than ten (10) days and no later than sixty (60) days from the date such notice is mailed (the "*Change of Control Payment Date*");

(3) that any Note not tendered will continue to accrue interest;

(4) that, unless the Issuer defaults in the payment of the Change of Control Payment, any Notes accepted for payment pursuant to the Change of Control Offer will cease to accrue interest after the Change of Control Payment Date;

(5) that Holders electing to have any Notes purchased pursuant to a Change of Control Offer will be required to surrender the Notes, with the form entitled "Option of Holder to Elect Purchase" attached to the Notes completed, or transfer a beneficial interest in the Notes by book-entry transfer, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Change of Control Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, the serial number for Notes held in definitive form and a statement that such Holder is withdrawing his election to have the Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion, must be equal to $2,000 in principal amount or an integral multiple of $1,000 in excess thereof.

The Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.15, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Section 4.15 by virtue of such compliance.

(b) On the Change of Control Payment Date, the Issuer will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate of the Issuer stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

(c) The Paying Agent will promptly mail to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will announce the results of the Change of Control Offer to the Holders on or as soon as practicable after the Change of Control Payment Date.

(d) The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) any Obligor (other than the Issuer) or a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, (2) notice of redemption with respect to all Notes has been given pursuant to Section 3.01(a) through 3.01(c) hereof unless and until there is a default in payment of the applicable redemption price, or (3) in connection with or in contemplation of any Change of Control, any Obligor or any third party has made an offer to purchase (an "*Alternate Offer*") any and all Notes validly tendered at a cash price equal to or higher than the Change of Control Payment and has purchased all Notes properly tendered and not properly withdrawn in accordance with the terms of such Alternate Offer. Notwithstanding anything to the contrary contained herein, a Change of Control Offer or Alternate Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer or Alternate Offer is made. The closing date of any such Change of Control Offer made in advance of a Change of Control may be changed to conform to the actual closing date of the Change of Control.

(e) In the event that Holders of not less than 90% in aggregate principal amount of the outstanding Notes accept a Change of Control Offer or Alternate Offer and the Issuer (or any Obligor or third party making such Change of Control Offer or Alternate Offer in lieu of the Issuer) purchase all of the Notes held by such Holders, the Issuer will have the right, upon not less than 10 nor more than 60 days prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer or Alternate Offer described below, to redeem all of the Notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment *plus*, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, on the Notes that remain outstanding, to, but not including, the date of redemption (subject to the rights of Holders of record on the relevant record date to receive interest due on an interest payment date occurring on or prior to the redemption date).

Section 4.16 [Reserved].

Section 4.17 *Additional Note Guarantees.*

If, after the date of this Indenture, any Restricted Subsidiary of an Obligor that is not already a Guarantor guarantees or otherwise becomes an obligor with respect to any other Indebtedness of any Obligor in excess of the De Minimis Guaranteed Amount, then such Restricted Subsidiary will become a Guarantor by executing a supplemental indenture and delivering it to the Trustee within twenty (20) Business Days of the date on which it guaranteed or became an obligor with respect to such Indebtedness. The preceding sentence shall not apply to Subsidiaries of an Obligor that have properly been designated as Unrestricted Subsidiaries in accordance with this Indenture for so long as they continue to constitute Unrestricted Subsidiaries. Any Note Guarantee of a Restricted Subsidiary that was incurred pursuant to this Section 4.17 shall provide by its terms that it shall be automatically and unconditionally released at such time as such Guarantor ceases to Guarantee or otherwise be an obligor with respect to any other Indebtedness of any Obligor in excess of the De Minimis Guaranteed Amount.

If after the date of this Indenture any Obligor proposes to add an Affiliate (other than a Subsidiary) of such Obligor (that is a not already an Obligor or Restricted Subsidiary hereunder as of the date of this Indenture) as a Guarantor hereunder, the Obligors shall cause such Affiliate, within 20 Business Days after the date on which such Obligor provides written notice to the Trustee of its election to add such Affiliate as a Guarantor hereunder, to become a Guarantor and execute a supplemental indenture.

Each Person that becomes a Guarantor after the issue date shall also become a party to the applicable Security Documents and shall as promptly as practicable execute and deliver such security instruments, financing statements, mortgages, deeds of trust (in substantially the same form as those executed and delivered with respect to the Collateral on the issue date or on the date first delivered in the case of Collateral which this Indenture provides may be delivered after the issue date (to the extent, and substantially in the form, delivered on the issue date or the date first delivered, as applicable (but no greater scope)) as may be necessary to vest in the Notes Collateral Agents a perfected first-priority security interest (subject to Permitted Liens) in properties and assets that constitute Fixed Asset Collateral and a perfected second-priority security interest (subject to Permitted Liens) in properties and assets that constitute Current Asset Collateral, in either case, as security for such Guarantor's Note Guarantee and as may be necessary to have such property or asset added to the Collateral as required under the Security Documents and this Indenture, and thereupon all provisions of this Indenture relating to the Collateral shall be deemed to relate to such properties and assets to the same extent and with the same force and effect.

Section 4.18 *Designation of Restricted and Unrestricted Subsidiaries.*

The Board of Directors of an Obligor may designate any Restricted Subsidiary (other than the Issuer) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Obligors and their Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under Section 4.07 hereof or under one or more clauses of the definition of Permitted Investments, as determined by

the Issuer. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of an Obligor may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of an Obligor as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors of such Obligor giving effect to such designation and an Officer's Certificate of the Issuer certifying that such designation complied with the preceding conditions and was permitted by Section 4.07 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of such Obligor as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09 hereof, such Obligor will be in default of such covenant. The Board of Directors of an Obligor may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary of such Obligor; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of such Obligor of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under Section 4.09 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Section 4.19 *Additional Amounts.*

(a) All payments made by or on behalf of the Issuer or any Guarantor (each a "*Payor*") under or with respect to the Notes or any Note Guarantee will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other similar governmental charge (including penalties, interest and other similar liabilities related thereto) (collectively, "*Taxes*"), unless such withholding or deduction is required by law or the interpretation or administration thereof. If any such deduction or withholding is required for or on account of any Taxes imposed or levied by or on behalf of any jurisdiction in which such Payor is organized, resident or doing business for tax purposes or from or through which such Payor (or its agents) makes any payment on the Notes or any Note Guarantee or any department or political subdivision thereof or therein (each, a "*Relevant Taxing Jurisdiction*"), such Payor, subject to the exceptions stated below, will pay such additional amounts ("*Additional Amounts*") as may be necessary such that the net amount received in respect of such payment by each Holder or Beneficial Owner after such withholding or deduction (including withholding or deduction attributable to Additional Amounts payable hereunder) will not be less than the amount the Holder or Beneficial Owner would have received if such Taxes had not been required to be so withheld or deducted.

(b) A Payor will not, however, pay Additional Amounts to a Holder or Beneficial Owner of Notes:

(i) for or on account of any Canadian withholding Taxes that are imposed by reason of the Holder or Beneficial Owner of Notes not dealing at arm's length (for the purpose of the Income Tax Act (Canada)) with the Payor at the time of making such payment,

(ii) to the extent that the Additional Amounts are payable as a result of:

a) the Holder or Beneficial Owner being a "specified non-resident shareholder" (as defined in subsection 18(5) of the Income Tax Act (Canada)) of the Payor or a non-resident person not dealing at arm's length with a specified shareholder of the Payor for the purposes of subsection 18(5) of the Income Tax Act (Canada);

b) the Holder or Beneficial Owner, or any person not dealing at arm's length with the Holder or Beneficial Owner, having (A) any amount outstanding as or on account of a debt or other obligation to pay an amount to a non-resident person for which recourse is limited, either immediately or in the future and either absolutely or contingently, to the Notes, or that became owing or was permitted to remain owing because the Notes were issued or were permitted to remain outstanding or the non-resident person anticipated that the Notes would be issued or remain outstanding, or (B) a "specified right" (as defined in

subsection 18(5)of the Income Tax Act (Canada)) in respect of a particular property that was created directly or indirectly by a non-resident person, other than a specified right created directly or indirectly by Parent or a non-resident of Canada that is a Subsidiary of the Payor or that is otherwise related to the Payor for purposes of the Income Tax Act (Canada); or

c) the interest (or amounts deemed to be interest under the Income Tax Act (Canada)) payable to the Holder or Beneficial Owner of the Notes is in respect of a debt or other obligation to pay an amount to a person with whom the Payor is not dealing at arm's length for the purposes of the Income Tax Act (Canada);

(iii) to the extent the Taxes giving rise to such Additional Amounts would not have been imposed, deducted or withheld but for the existence of any present or former connection between a Holder (or the Beneficial Owner of, or person ultimately entitled to obtain an interest in, such Notes, including a fiduciary, settlor, beneficiary, member, partner, shareholder or other equity interest owner of, or possessor of power over, such Holder or Beneficial Owner, if such Holder or Beneficial Owner is an estate, nominee, trust, partnership, limited liability company, corporation or other entity) and the Relevant Taxing Jurisdiction (including, without limitation, being, or having been, a citizen or resident or national of, or carrying on a business or maintaining or having had a permanent establishment in, the Relevant Taxing Jurisdiction) other than any connection resulting solely from the acquisition, ownership, or disposition of Notes, the receipt of payments thereunder and/or the exercise or enforcement of rights under any Notes or any Note Guarantee;

(iv) to the extent the Taxes giving rise to such Additional Amounts would not have been imposed but for the failure of the Holder or Beneficial Owner of Notes, to the extent such Holder or Beneficial Owner is legally eligible to do so, to satisfy any certification, identification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connection with the Relevant Taxing Jurisdiction or arm's length-relationship with the Payor and the Holder or Beneficial Owner or otherwise establishing the right to the benefit of an exemption from, or reduction in the rate of, withholding or deduction, if (a) such compliance is required by statute, treaty, regulation or administrative practice of a Relevant Taxing Jurisdiction as a precondition to exemption from, or reduction in the rate of deduction or withholding of, such Taxes imposed by the Relevant Taxing Jurisdiction (including, without limitation, a certification that the Holder or Beneficial Owner is not resident in the Relevant Taxing Jurisdiction) and (b) the Payor has provided the Trustee with 30 days' prior written notice of such requirement;

(v) with respect to any estate, inheritance, gift, sales, transfer, personal property or any similar Taxes;

(vi) if such Holder is a fiduciary or partnership or Person other than the sole Beneficial Owner of such payment and the Taxes giving rise to such Additional Amounts would not have been imposed on such payment had the Holder been the beneficiary, partner or sole Beneficial Owner, as the case may be, of such Note;

(vii) to the extent the Taxes giving rise to such Additional Amounts would not have been imposed but for the presentation by the Holder of any Note, where presentation is required, for payment on a date more than 30 days after the date on which payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later;

(viii) with respect to (a) any Tax imposed or levied by, or on behalf of, the United States of America or any State thereof or the District of Columbia (or any political subdivision of the foregoing) or (b) any Taxes that are imposed or withheld pursuant to Sections 1471 through 1474 of the Code, as of the date of this Indenture (or any amended or successor version of such sections), any current or future regulations promulgated thereunder, any official interpretations thereof, and any similar law or regulation adopted pursuant to an intergovernmental agreement between a non-U.S. jurisdiction and the United Sates with respect to the foregoing or any agreements entered into pursuant to Section 1471(b)(1) of the Code;

(ix) with respect to any Tax which is payable otherwise than by withholding or deduction from payments on or in respect of the Notes or any Note Guarantee; or

(x) any combination of items (i) through (ix) of this Section 4.19(b).

The applicable withholding agent will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant taxing authority in the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies, or if, notwithstanding the Payor's reasonable efforts to obtain such tax receipts, such tax receipts are not available, other reasonable evidence of such payments as soon as reasonably practicable to the Trustee. Such copies or other evidence shall be made available to the Holders upon reasonable request and will be made available at the offices of the paying agent.

(c) At least 30 calendar days prior to each date on which any payment under or with respect to the Notes or any Note Guarantee is due and payable, if a Payor will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the 35th day prior to the date on which such payment is due and payable, in which case it will be promptly thereafter), the Payor will deliver to the Trustee an Officer's Certificate stating that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to Holders on the payment date.

(d) Each Holder entitled to any Additional Amounts shall cooperate with the Issuer and the Trustee in providing any information or documentation reasonably requested by the Issuer or the Trustee to confirm the identity and/or tax status of such Holder and any affected Beneficial Owner (to the extent necessary to establish such Holder's entitlement to Additional Amounts) and to assist the Issuer or the Trustee in determining the applicable withholding tax rate and the amount of Additional Amounts payable in respect thereof.

(e) In addition, the Payor will pay, and indemnify the Holders and Beneficial Owners of the Notes for, any stamp, issue, registration, court, documentation, excise or other similar taxes, charges and duties, including any interest, penalties and any similar liabilities with respect thereto, imposed by any Relevant Taxing Jurisdiction at any time in respect of the execution, issuance, registration, delivery or enforcement of the Notes, any Note Guarantee or any other document or instrument referred to thereunder and any such taxes, charges or duties imposed by any Relevant Taxing Jurisdiction as a result of, or in connection with, any payments made pursuant to the Notes or any Note Guarantee and/or the enforcement of the Notes or any Note Guarantee and/or any other such document or instrument; *provided*, *however*, that the indemnification or reimbursement obligations provided for in this paragraph shall not extend to Taxes for which the Holder or Beneficial Owner of the Notes would not have been eligible to receive payment of Additional Amounts hereunder by virtue of clauses (i) through (x) of Section 4.19(b) or to the extent such Holder or Beneficial Owner received Additional Amounts with respect to such payments.

(f) The obligations described in this Section 4.19 will survive any termination, defeasance or discharge of this Indenture and will apply *mutatis mutandis* to any successor Person to any Payor and to any jurisdiction in which such successor is organized or is otherwise resident or doing business for tax purposes or any jurisdiction from or through which payment is made by such successor or its respective agents. Whenever this Indenture refers to, in any context, the payment of principal, premium, if any, interest or any other amount payable under or with respect to any Note, such reference shall include the payment of Additional Amounts or indemnification payments as described hereunder, if applicable.

Section 4.20 *Changes in Covenants When Notes Rated Investment Grade.*

(a) If at any time the Notes are assigned an Investment Grade Rating by at least two of the Rating Agencies and no Default or Event of Default has occurred and is continuing under this Indenture, the Obligors and their Restricted Subsidiaries will no longer be subject to the provisions of this Indenture contained in Sections 4.07, 4.08, 4.09, 4.10 (but only to the extent related to properties or assets of Parent or its Restricted Subsidiaries that do not constitute Collateral), 4.11, 4.18, 5.01(a)(4)(i) and 5.01(c)(4)(i) hereof (collectively the "*Suspended Covenants*"). No Default, Event of Default or breach of any kind shall be deemed to exist under this Indenture, the Notes

or the Note Guarantees with respect to the Suspended Covenants based on, and none of the Obligors or any of their Subsidiaries shall bear any liability for, any actions taken or events occurring during the Suspension Period, or any actions taken at any time pursuant to any contractual obligation arising prior to the Reinstatement Date, regardless of whether such actions or events would have been permitted if the applicable Suspended Covenants remained in effect during such period. The period of time between the date of suspension of the covenants and the Reinstatement Date is referred to as the "*Suspension Period*."

(b) During a Suspension Period, an Obligor may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the definition of Unrestricted Subsidiary unless such designation would have complied with Section 4.07 as though such section had been in effect during such Suspension Period.

(c) During a Suspension Period, if the Rating Agencies that have previously assigned the Notes an Investment Grade Rating withdraw their ratings or downgrade the ratings assigned to the Notes below the Investment Grade Ratings, so that the Notes do not have an Investment Grade Rating from two of the Rating Agencies, the Obligors and their Restricted Subsidiaries will thereafter again be subject to the Suspended Covenants, subject to the terms, conditions and obligations set forth in this Indenture (each such date of reinstatement being the "*Reinstatement Date*"). On the Reinstatement Date, all Indebtedness incurred during the Suspension Period will be classified to have been incurred on or prior to the date of this Indenture, so that it is classified as permitted under Section 4.09(b)(2).

(d) Compliance with the Suspended Covenants with respect to Restricted Payments made after the Reinstatement Date will be calculated in accordance with the terms of Section 4.07 hereof as though such Section 4.07 had been in effect during the entire period of time from which the Notes are issued.

(e) In case the Obligors and their Restricted Subsidiaries shall no longer be subject to the Suspended Covenants or in case a Reinstatement Date shall occur, Parent shall promptly deliver to the Trustee an Officer's Certificate to such effect.

Section 4.21 *Maintenance of Insurance.*

(a) So long as any Obligation hereunder shall remain unpaid or unsatisfied (other than indemnification or other contingent obligations not yet due and owing), the Obligors shall:

(1) Maintain with financially sound and reputable insurance companies not Affiliates of any Obligor, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons and providing (i) with respect to liability and property insurance policies, for endorsements listing the ABL Collateral Agent, the Notes Collateral Agents, the Trustee and any successor or transferee of any of the foregoing as an additional insured or loss payee (subject to the Intercreditor Agreement), as its interests may appear, (ii) that such policies may not be canceled or reduced or affected in any material manner for any reason without thirty (30) days prior notice to the Notes Collateral Agents, and (b) for any other matters specified in any applicable Security Document.

(2) If at any time the area in which the mortgaged properties are located is designated (i) a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), obtain flood insurance in such total amount as the Administrative Agent may from time to time reasonably require in respect of compliance with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as it may be amended from time to time, or (ii) a "Zone 1" area, obtain earthquake insurance in such total amount as customary for similarly situated Persons engaged in the same or similar businesses as any Obligor.

ARTICLE 5
SUCCESSORS

Section 5.01 *Merger, Consolidation or Sale of Assets.*

(a) Parent will not, directly or indirectly: (1) consolidate, merge or amalgamate with or into another Person (whether or not Parent is the surviving entity), or (2) sell, assign, transfer, convey or otherwise dispose of (or permit its Restricted Subsidiaries to sell, assign, transfer, convey or otherwise dispose of) all or substantially all of the properties or assets of Parent and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) Parent is the surviving entity; or (b) the Person formed by or surviving any such consolidation or merger (if other than Parent) or to which such sale, assignment, transfer, conveyance or other disposition has been made (the "*Successor Person*") is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia or Canada or any political subdivision thereof;

(2) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than Parent) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of Parent under the Notes, Parent's Note Guarantee and this Indenture pursuant to a supplemental indenture in form reasonably satisfactory to the Trustee and under the Security Documents;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) Parent or the Person formed by or surviving any such consolidation, merger or amalgamation (if other than Parent), or to which such sale, assignment, transfer, conveyance or other disposition has been made would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter reference period either (i) be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) hereof or (ii) have a Fixed Charge Coverage Ratio that is equal to or greater than the Fixed Charge Coverage Ratio of the Group immediately prior to such consolidation, merger, sale, assignment, transfer, conveyance or other disposition;

(5) to the extent any property or assets of the Successor Person, or the Person that is merged, amalgamated or consolidated with or into the Successor Person, are property or assets of the type that would constitute Collateral under the Security Documents, the Successor Person will take such action as may be reasonably necessary or required to cause such property and assets to be made subject to a Lien securing the Notes pursuant to this Indenture and the Security Documents in the manner and to the extent required by this Indenture or any of the Security Documents and shall take all reasonably necessary action so that such Lien is perfected, preserved and protected to the extent required by this Indenture and the Security Documents;

(6) the Collateral owned by or sold, assigned, conveyed, leased, transferred or otherwise disposed of to the Successor Person shall (a) continue to constitute Collateral under this Indenture and the Security Documents, (b) be subject to the Lien in favor of the Notes Collateral Agents for the benefit of the Trustee and the Holders of the Notes and (c) not be subject to any Lien other than Permitted Liens or other Liens as permitted under Section 4.12; and

(7) the Successor Person shall become a party to the Intercreditor Agreement by joinder or supplement.

(b) [Reserved].

(c) The Issuer will not, directly or indirectly: (1) consolidate, merge or amalgamate with or into another Person (whether or not the Issuer is the surviving entity), or (2) sell, assign, transfer, convey or otherwise dispose of (or permit its Restricted Subsidiaries to sell, assign, transfer, convey or otherwise dispose of) all or substantially all of the properties or assets of the Issuer and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) either: (a) the Issuer is the surviving entity; or (b) the Successor Person (if other than the Issuer) is an entity organized or existing under the laws of the United States, any state of the United States or the District of Columbia or Canada or any political subdivision thereof; and, if such entity is not a corporation, a co-obligor of the Notes is a corporation organized or existing under any such laws;

(2) the Person formed by or surviving any such consolidation, merger or amalgamation (if other than the Issuer) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Issuer under the Notes and this Indenture pursuant to a supplemental indenture (subject to certain exceptions set forth in such Note Guarantee and this Indenture) in form reasonably satisfactory to the Trustee and under the Security Documents;

(3) immediately after such transaction, no Default or Event of Default exists;

(4) Parent would, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter reference period either (i) be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a) herein or (ii) have a Fixed Charge Coverage Ratio that is equal to or greater than the Fixed Charge Coverage Ratio of the Group immediately prior to such consolidation, merger, sale, assignment, transfer, conveyance or other disposition;

(5) to the extent any property or assets of the Successor Person, or the Person that is merged, amalgamated or consolidated with or into the Successor Person, are property or assets of the type that would constitute Collateral under the Security Documents, the Successor Person will take such action as may be reasonably necessary or required to cause such property and assets to be made subject to a Lien securing the Notes pursuant to this Indenture and the Security Documents in the manner and to the extent required by this Indenture or any of the Security Documents and shall take all reasonably necessary action so that such Lien is perfected, preserved and protected to the extent required by this Indenture and the Security Documents;

(6) the Collateral owned by or sold, assigned, conveyed, leased, transferred or otherwise disposed of to the Successor Person shall (a) continue to constitute Collateral under this Indenture and the Security Documents, (b) be subject to the Lien in favor of the Notes Collateral Agents for the benefit of the Trustee and the Holders of the Notes and (c) not be subject to any Lien other than Permitted Liens or other Liens as permitted under Section 4.12; and

(7) the Successor Person shall become a party to the Intercreditor Agreement by joinder or supplement.

(d) This Section 5.01 will not apply to any sale, assignment, transfer, conveyance, lease or other disposition of assets between or among Parent and Parent's Restricted Subsidiaries or between or among the Issuer and any other Obligor or any Restricted Subsidiary of another Obligor. Clauses (3) and (4) of the first paragraph of this section will not apply to any merger, consolidation or amalgamation of Parent (1) with or into one of its Restricted Subsidiaries for any purpose or (2) with or into an Affiliate solely for the purpose of reincorporating Parent in another jurisdiction. Parent shall be deemed to be the surviving entity in the event of an amalgamation of either that is governed by the laws of Canada or a province thereof.

Section 5.02 *Successor Substituted.*

Upon any consolidation, merger or amalgamation, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of Parent or the Issuer in a transaction that is subject to, and that complies with the provisions of Section 5.01 hereof, the successor Person formed by such consolidation or into or with which Parent or such Issuer is merged or amalgamated or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, amalgamation, sale, assignment, transfer, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Parent" or such "Issuer" shall refer instead to the successor Person and not to Parent or such Issuer, as applicable), and may exercise every right and power of Parent or such Issuer under this Indenture with the same effect as if such successor Person had been named as Parent or such Issuer herein; *provided*, *however*, that the predecessor of Parent or such Issuer shall not be relieved from the obligation to pay the principal of, or premium or interest, if any, on the Notes except in the case of a sale of all of Parent's or such Issuer's assets in a transaction that is subject to, and that complies with the provisions of, Section 5.01 hereof.

ARTICLE 6
DEFAULTS AND REMEDIES

Section 6.01 *Events of Default.*

Each of the following is an "*Event of Default*":

(1) default for thirty (30) days in the payment when due of interest on the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by an Obligor or any of its Restricted Subsidiaries for thirty (30) days after written notice has been given, by certified mail (1) to Parent by the Trustee or (2) to Parent and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with the provisions of Sections 4.10, 4.15 or 5.01 hereof;

(4) failure by an Obligor or any of its Restricted Subsidiaries for sixty (60) days (or such greater period as specified in this Indenture) after written notice has been given, by certified mail, (1) to Parent by the Trustee or (2) to Parent and the Trustee by the Holders of at least 25% in aggregate principal amount of the Notes then outstanding to comply with any of the other agreements in this Indenture or the Security Documents;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by an Obligor or any of its Restricted Subsidiaries (or the payment of which is guaranteed by an Obligor or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates in excess of $25.0 million;

(6) failure by an Obligor or any of its Restricted Subsidiaries to pay final judgments (other than those covered by insurance for which the insurer has not disclaimed liability) entered by a court or courts of competent jurisdiction aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by this Indenture, any Note Guarantee of a Significant Obligor is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee (other than by reason of release of a Guarantor from its Note Guarantee in accordance with the terms of this Indenture);

(8) the Issuer or any Obligor (or any Restricted Subsidiary of an Obligor) that is a Significant Obligor or any group of Obligors or their Restricted Subsidiaries that, taken together, would constitute a Significant Obligor pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian, receiver, receiver manager, interim receiver or sequestrator of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due;

(9) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Issuer or any Obligor (or any Restricted Subsidiary of an Obligor) that is a Significant Obligor or any group of Obligors or their Restricted Subsidiaries that, taken together, would constitute a Significant Obligor in an involuntary case;

(B) appoints a custodian, receiver, receiver manager, interim receiver or sequestrator of the Issuer or any Obligor (or any Restricted Subsidiary of an Obligor) that is a Significant Obligor or any group of Obligors or their Restricted Subsidiaries that, taken together, would constitute a Significant Obligor, or for all or substantially all of the property of the Issuer or any Obligor (or any of Restricted Subsidiary of an Obligor) that is a Significant Obligor or any group of Obligors or their Restricted Subsidiaries that, taken together, would constitute a Significant Obligor; or

(C) orders the liquidation of the Issuer or any Obligor (or any Restricted Subsidiary of an Obligor) that is a Significant Obligor or any group of Obligors or their Restricted Subsidiaries that, taken together, would constitute a Significant Obligor;

and the order or decree remains undischarged, unstayed or unremedied and in effect for sixty (60) consecutive days;

(10) with respect to any Collateral constituting more than $25.0 million individually or in the aggregate, (i) any of the Security Documents ceases to be in full force and effect, (ii) any of the Security Documents ceases to give the Holders of the Notes the Liens purported to be created thereby, (iii) any of the Security Documents is declared null and void or (iv) Parent, the Issuer or any Restricted Subsidiary denies in writing that it has any further liability under any Security Documents or gives written notice to such effect (in each case (x) other than in accordance with the terms of this Indenture or the Security Documents or (y) except as to Collateral consisting of real property to the extent that such losses are covered by

a lender's title insurance policy and such insurer has not denied or failed to acknowledge coverage); *provided* that if a failure of the sort described in this clause (10) is capable of being cured as determined by the Issuer in good faith, no Event of Default shall arise under this clause (10) with respect thereto until thirty (30) days after notice of such failure shall have been given to the Issuer by the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes issued under this Indenture;

(11) failure of any Security Documents for any reason (other than pursuant to the terms thereof) to create a valid and perfected Lien (subject to Liens permitted hereunder) on a material portion of the Collateral purported to be covered thereby, with the priority required by the applicable Security Document, or any Obligor asserting such failure in writing; and

(12) (i) any assertion by any Obligor in writing that the Intercreditor Agreement ceases for any reason to be in full force and effect (other than pursuant to the terms hereof or thereof) or that knowingly contests, or knowingly supports another Person in any action that seeks to contest, the validity or effectiveness of the Intercreditor Agreement or (ii) with regard to the lien priority or payment priority provisions of the Intercreditor Agreement, the termination, cessation of effectiveness or failure to be legally valid, binding and enforceable against any party thereto except as otherwise permitted hereunder or in accordance with its terms.

Section 6.02 *Acceleration.*

(a) In the case of an Event of Default specified in clause (8) or (9) of Section 6.01 hereof, with respect to an Obligor (or any Restricted Subsidiary of an Obligor) that is a Significant Obligor or any group of Obligors or their Restricted Subsidiaries that, taken together, would constitute a Significant Obligor, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

(b) In the event of a declaration of acceleration of the Notes because an Event of Default has occurred and is continuing as a result of the acceleration of any Indebtedness under clause (5) of Section 6.01 hereof, the declaration of acceleration of the Notes shall be automatically annulled if the holders of any Indebtedness described in clause (5) of Section 6.01 hereof have rescinded the declaration of acceleration in respect of such Indebtedness within thirty (30) days of the date of such declaration; *provided* that (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction, (2) all existing Defaults or Events of Default, except nonpayment of principal, premium or interest, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived and (3) remedies have not been taken with respect to collateral securing such Indebtedness.

(c) The Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the Holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under this Indenture except a continuing Default or Event of Default in the payment of interest or premium, if any, on or the principal of, the Notes.

Section 6.03 *Other Remedies.*

(a) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of, or interest or premium, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

(b) The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

(c) If an Event of Default occurs and is continuing, the Trustee and the Notes Collateral Agents may in their discretion proceed to protect and enforce their rights and the rights of the Holders under this Indenture and the Security Documents by such appropriate judicial proceedings as the Trustee or the Notes Collateral Agents shall deem necessary to protect and enforce any such rights, including seeking recourse against any Obligor, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy, including but without limitation, seeking recourse against any Obligor.

Section 6.04 *Waiver of Past Defaults.*

Holders of not less than a majority in the aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the Holders of all of the Notes, waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Defaults in the payment of interest or premium, if any, on or the principal of, the Notes (including in connection with an offer to purchase); *provided*, *however*, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related Payment Default that resulted in such acceleration. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 *Control by Majority.*

The Holders of a majority in aggregate principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders or that may involve the Trustee in personal liability. In addition, the Trustee may withhold from Holders notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or premium, if any.

Section 6.06 *Limitation on Suits.*

(a) Subject to the provisions of Article 7 hereof, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under this Indenture at the request or direction of any Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to it against any loss, liability or expense. Except to enforce the right to receive payment of principal, interest or premium, if any, when due, no Holder may pursue any remedy with respect to this Indenture or the Notes (subject to the Intercreditor Agreement) unless:

(1) such Holder has previously given the Trustee notice that an Event of Default is continuing;

(2) Holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such Holders have offered the Trustee security or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within sixty (60) days after the receipt of the request and the offer of security or indemnity; and

(5) Holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

(b) A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07 *Rights of Holders of Notes to Receive Payment.*

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal of, or premium or interest, if any, on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder; *provided* that a Holder shall not have the right to institute any such suit for the enforcement of payment if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the Lien of this Indenture upon any property subject to such Lien.

For the avoidance of doubt, no amendment to, or deletion of, any of the covenants described under Article 4 shall be deemed to impair or affect any rights of Holders of the Notes to receive payment of principal of, or premium, if any, or interest on, the Notes.

Section 6.08 *Collection Suit by Trustee.*

If an Event of Default specified in Section 6.01(1) or (2) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Issuer for the whole amount of principal of, or premium or interest, if any, remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection and the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel.

Section 6.09 *Trustee May File Proofs of Claim.*

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee and its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Issuer (or any other obligor upon the Notes), their creditors or their property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements, advances and any other amounts due to the Trustee and its agents and counsel and any other amounts due to the Trustee under Section 7.06 hereof. To the extent that the payment of any such compensation, expenses, disbursements, advances and any other amounts due to the Trustee and its agents and counsel and any other amounts due to the Trustee under Section 7.06 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 *Priorities.*

If the Trustee collects any money pursuant to this Article 6, subject to the terms of the Intercreditor Agreement and the other Security Documents, the Trustee shall pay out the money in the following order:

First: to the Trustee and the Notes Collateral Agents (as per Section 12.13 hereof) and their agents and attorneys for amounts due to them under Section 7.06 hereof, including payment of all compensation,

expenses and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, if any, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, if any, respectively; and

Third: to the Issuer or the applicable Guarantor, as the case may be, its or their successors or assigns, or as a court of competent jurisdiction shall direct.

The Trustee may, upon written notice to the Issuer, fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11 *Undertaking for Costs.*

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees and expenses, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in aggregate principal amount of the then outstanding Notes.

ARTICLE 7
TRUSTEE

Section 7.01 *Duties of Trustee.*

(a) If an Event of Default has occurred and is continuing, the Trustee and the Notes Collateral Agents will exercise such of the rights and powers vested in them by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(1) the duties of the Trustee will be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee will examine such certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(1) this paragraph (c) does not limit the effect of paragraph (b) of this Section 7.01;

(2) the Trustee will not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(3) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.02 or 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b) and (c) of this Section 7.01.

(e) No provision of this Indenture will require the Trustee to expend or risk its own funds or incur any liability. The Trustee will be under no obligation to exercise any of its rights or powers under this Indenture at the request of any Holders, unless such Holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuer. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

(g) The Trustee agrees to accept and act upon facsimile or electronic transmission (including pdf) of documents hereunder, it being understood that originals of such shall be provided to the Trustee in a timely manner.

Section 7.02 *Rights of Trustee.*

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate of the Issuer or an Opinion of Counsel or both. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Issuer shall be sufficient if signed by an Officer of such Issuer, and any resolution of the Board of Directors of the Issuer shall be sufficient if evidenced by a copy of such resolution certified by an Officer's Certificate of such Issuer to have been duly adopted and in full force and effect on the date thereof.

(f) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders have offered to the Trustee indemnity or security satisfactory to it against the losses, liabilities and expenses that might be incurred by it in compliance with such request or direction.

(g) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(h) The Trustee shall not be deemed to have notice of any Default or Event of Default unless a Responsible Officer of the Trustee has received written notice of such event at the Corporate Trust Office of the Trustee, and such notice references the Notes and this Indenture.

(i) The rights, privileges, protections, immunities and benefits given to the Trustee, including, without limitation, its right to be indemnified, are extended to, and shall be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder.

Section 7.03 *Individual Rights of Trustee.*

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuer or any Affiliate of the Issuer with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within ninety (90) days or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Section 7.09 hereof.

Section 7.04 *Trustee's Disclaimer.*

The Trustee will not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Issuer's use of the proceeds from the Notes or any money paid to the Issuer or upon the Issuer's direction under any provision of this Indenture, it will not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it will not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 *Notice of Defaults.*

If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee will send to Holders a notice of the Default or Event of Default within ninety (90) days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, or premium or interest, if any, on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders.

Section 7.06 *Compensation and Indemnity.*

(a) The Issuer and the Guarantors, jointly and severally, will pay to each of the Trustee such compensation as is agreed to from time to time by the Issuer and the Trustee for its acceptance of this Indenture and services hereunder. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Issuer will reimburse the Trustee promptly upon request for all reasonable disbursements, charges, advances and expenses incurred or made by it in addition to the compensation for its services, except for any such disbursement, advance or expense as shall have been caused by the Trustee's own negligence or willful misconduct. Such expenses will include the reasonable compensation, disbursements and expenses of the Trustee's respective agents and counsel, as applicable.

(b) The Issuer and the Guarantors, jointly and severally, will indemnify the Trustee and its officers, directors, employees and agents against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the reasonable costs and expenses of enforcing this Indenture against the Issuer and the Guarantors (including this Section 7.06) and defending itself against any claim (whether asserted by the Issuer, the Guarantors, any Holder or any other Person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense shall be determined to have been caused by its own negligence or willful misconduct. The Trustee will notify the Issuer promptly of any claim of which the Trustee has received written notice and for which it may seek indemnity. Failure by the Trustee to so notify the Issuer will not relieve the Issuer or any of the Guarantors of their obligations hereunder. The Issuer or such Guarantor will defend the claim and the Trustee will cooperate in the defense. The Trustee may have separate counsel and the Issuer shall pay the reasonable fees and expenses of such counsel. Neither the Issuer nor any Guarantor need pay for any settlement made without its consent, which consent will not be unreasonably withheld.

(c) The obligations of the Issuer and the Guarantors under this Section 7.06 will survive the satisfaction and discharge of this Indenture or the resignation or removal of the Trustee.

(d) To secure the Issuer's and the Guarantors' payment obligations in this Section 7.06, the Trustee will have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal of, or premium or interest, if any, on particular Notes. Such Lien will survive the satisfaction and discharge of this Indenture.

(e) When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(8) or (9) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

Section 7.07 *Replacement of Trustee.*

(a) A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.07.

(b) The Trustee may, upon thirty (30) days' written notice to the Issuer resign and be discharged from the trust hereby created. The Holders of a majority in aggregate principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Issuer in writing. The Issuer may remove the Trustee upon thirty (30) days' notice if:

(1) the Trustee fails to comply with Section 7.09 hereof;

(2) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(3) a custodian or public officer takes charge of the Trustee or its property; or

(4) the Trustee becomes incapable of acting.

(c) If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer will promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in aggregate principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Issuer.

(d) If a successor Trustee does not take office within thirty(30) days after the retiring Trustee resigns or is removed, the retiring Trustee at the expense of the Issuer, the Issuer, or the Holders of at least 10% in aggregate principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee, after written request by any Holder who has been a Holder for at least six (6) months, fails to comply with Section 7.09 hereof, such Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Issuer. Thereupon, the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will promptly transfer all property held by it as Trustee to the successor Trustee; *provided* that all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.06 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.07, the Issuer's obligations under Section 7.06 hereof will continue for the benefit of the retiring Trustee.

Section 7.08 *Successor Trustee by Merger, etc.*

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act will be the successor Trustee.

Section 7.09 *Eligibility; Disqualification.*

There will at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $100.0 million as set forth in its most recent published annual report of condition.

Section 7.10 *Appointment of Co-Trustees*

(a) At any time or times, for the purpose of meeting the legal requirements of any jurisdiction or discharging the Trustee's duties and performing its obligations in the administration of the trusts hereof, each of the Issuer and the Trustee shall have power to appoint one or more persons approved by the Trustee and, if no Default or Event of Default shall have occurred and be continuing, by the Issuer either to act as co-trustee, jointly with the Trustee, of all or any part of the rights, powers, duties, obligations or trusts hereof, or to act as separate trustee of any such rights, powers, duties, obligations or trusts, as may be provided in the instrument of appointment, and to vest in such person or persons, in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section 7.10. If a Default or Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

(b) Should any written instrument or instruments from the Issuer or any Guarantor be required by any co-trustee or separate trustee so appointed to more fully confirm to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Issuer and/or such Guarantor.

(c) Every co-trustee or separate trustee shall, to the extent permitted by law and applicable regulation, but to such extent only, be appointed subject to the following conditions:

(1) the Notes shall be authenticated and delivered solely by the Trustee;

(2) the rights, powers, duties, obligations and trusts hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed either by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law or applicable regulation of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties, obligations and trusts shall be exercised and performed by such co-trustee or separate trustee, but solely at the direction of the Trustee;

(3) the Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Issuer, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 7.10, and, if a Default or Event of Default shall have occurred and be continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. The Issuer and each applicable Guarantor, if necessary, shall join with the Trustee in the execution and delivery of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 7.10;

(4) neither the Trustee nor any co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(5) any notice, direction, instruction or consent delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

(d) Every instrument appointing any separate trustee or co-trustee shall refer to this Indenture and the conditions of this Article. Each separate trustee and co-trustee, upon its acceptance of the trusts conferred, shall be vested with the estates or property specified in its instrument of appointment, either jointly with the Trustee or separately, as may be provided therein, subject to all the provisions of this Indenture, specifically including every provision of this Indenture relating to the conduct of, affecting the liability of, or affording protection or rights (including the rights to compensation, reimbursement and indemnification hereunder) to, the Trustee. Every such instrument shall be filed with the Trustee and the Issuer.

(e) Any separate trustee or co-trustee may at any time constitute the Trustee its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law and applicable regulations, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee shall become incapable of acting, resign or be removed, all of its estates, properties, rights, remedies and trusts shall vest in and be exercised by the Trustee, to the extent permitted by law and applicable regulations, without appointment of a new or successor trustee.

(f) Each separate trustee or co-trustee appointed pursuant to this Section 7.10 shall be entitled to the benefit of indemnification provisions of Section 7.06 of this Indenture and the provisions of Section 7.06 of this Indenture shall apply, *mutatis mutandis*, to each such separate trustee or co-trustee.

By their acceptance of the Notes, the Holders will be deemed to have authorized the Notes Collateral Agents to enter into and to perform each of the Security Documents.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

Section 8.01 *Option to Effect Legal Defeasance or Covenant Defeasance.*

The Issuer may, at its option and at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate, elect to have either Section 8.02 or 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth in this Article 8.

Section 8.02 *Legal Defeasance and Discharge.*

Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to the Security Documents and all outstanding Notes (including the Note Guarantees) on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Issuer and the Guarantors will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes (including the Note Guarantees), which will thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in clauses (1) and (2) of this Section 8.02, and to have satisfied all their other obligations under such Notes, the Note Guarantees and this Indenture (and the Trustee, on demand of and at the expense of the Issuer, shall execute proper instruments acknowledging the same), except for the following provisions which will survive until otherwise terminated or discharged hereunder:

(1) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, if any, on such Notes when such payments are due from the trust referred to in Section 8.04 hereof;

(2) the Issuer's obligations with respect to such Notes under Article 2 and Section 4.02 hereof;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

(4) this Article 8.

Subject to compliance with this Article 8, the Issuer may exercise its sole option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

If the Issuer exercises its Legal Defeasance option or its Covenant Defeasance option, the Liens, as they pertain to the Notes and the Note Guarantees, may be released and each Guarantor may be released from all of its obligations with respect to its Note Guarantee and, to the extent pertaining to the Notes and the Note Guarantees, the Security Documents.

Section 8.03 *Covenant Defeasance.*

Upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Issuer and each of the Guarantors will, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from each of their obligations under the covenants contained in Sections 3.08, 4.03, 4.04, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.14, 4.15, 4.17, 4.18 and clause (4) of each of Section 5.01(a) and Section 5.01(c) hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 hereof are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes will thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes and Note Guarantees, the Issuer and the Guarantors may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes and Note Guarantees will be unaffected thereby. In addition, upon the Issuer's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(3) through 6.01(7) and 6.01(10) hereof will not constitute Events of Default.

Section 8.04 *Conditions to Legal or Covenant Defeasance.*

In order to exercise either Legal Defeasance under Section 8.02 hereof or Covenant Defeasance under Section 8.03 hereof:

(1) the Issuer must irrevocably deposit or cause to be deposited with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars sufficient, non-callable Government Securities, the scheduled payments of principal of and interest thereon will be sufficient, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants, without consideration of any reinvestment of interest, to pay the principal of, or interest and premium, if any, on, the outstanding Notes to the stated date for payment thereof or to the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance under Section 8.02 hereof, the Issuer must deliver to the Trustee (a) an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (i) the Issuer has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the date of this Indenture, there has been a change in the applicable U.S. federal income tax law to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal

Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred and (b) an opinion of counsel in Canada reasonably acceptable to the Trustee or an advance tax ruling from the Canada Revenue Agency (or successor agency) to the effect that the Holders and beneficial owners of the outstanding Notes will not recognize income, gain or loss for Canadian income tax purposes as a result of such Legal Defeasance and will be subject to Canadian income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance under Section 8.03 hereof, the Issuer must deliver to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal or Canadian income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal and Canadian income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit (and any similar concurrent deposit relating to other Indebtedness), and the granting of Liens to secure such borrowings);

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Issuer or any of the Guarantors is a party or by which the Issuer or any of the Guarantors is bound;

(6) [Reserved];

(7) the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be; and

(8) the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05 *Deposited Money and Government Securities to be Held in Trust; Other Miscellaneous Provisions.*

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 8.04 hereof in respect of the outstanding Notes will be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including any Obligor or Restricted Subsidiary acting as Paying Agent) as the Trustee may determine, to the applicable Holders of all sums due and to become due thereon in respect of principal, or premium or interest, if any, but such money need not be segregated from other funds except to the extent required by law.

The Issuer will pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 or 11.01 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Notwithstanding anything in this Article 8 or Article 11 to the contrary, the Trustee will deliver or pay to the Issuer from time to time upon the sole request of the Issuer any money or non-callable Government Securities held by the Issuer as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the

opinion delivered under Section 8.04(1) or 11.01 hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.06 *Repayment to Issuer.*

Any money deposited with the Trustee or any Paying Agent, or then held by the Issuer, in trust for the payment of the principal of, or premium or interest, if any, on any Note and remaining unclaimed for two years after such principal, or premium or interest, if any, has become due and payable shall be paid to the Issuer on its request or (if then held by the Issuer) will be discharged from such trust; and the applicable Holder will thereafter be permitted to look only to the Issuer for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Issuer as trustee thereof, will thereupon cease; *provided*, *however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Issuer cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which will not be less than thirty (30) days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Issuer.

Section 8.07 *Reinstatement.*

If the Trustee or Paying Agent is unable to apply any U.S. dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Issuer's and the Guarantors' obligations under this Indenture and the Notes and the Note Guarantees will be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided*, *however*, that, if the Issuer make any payment of principal of, or premium or interest, if any, on any Note following the reinstatement of its obligations, the Issuer will be subrogated to the rights of the applicable Holders to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 *Without Consent of Holders.*

Notwithstanding Section 9.02 of this Indenture, without the consent of any Holder, the Issuer, the Guarantors and the Trustee and the Notes Collateral Agents may amend or supplement this Indenture, the Notes, the Note Guarantees and the Security Documents:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(3) to provide for the assumption of the Issuer's or a Guarantor's obligations to Holders of Notes and Note Guarantees by a successor to the Issuer or such Guarantor pursuant to Article 5 or Article 10 hereof;

(4) to make any change that would provide any additional rights or benefits to the Holders or that does not adversely affect the legal rights hereunder of any such Holder;

(5) to conform the text of this Indenture, the Notes, the Note Guarantees or the Security Documents to any provision of the "Description of Notes" section of the Offering Memorandum, to the extent that such provision in that "Description of Notes" was intended to be a verbatim recitation of a provision of this Indenture, the Notes, the Note Guarantees or the Security Documents, which intent may be evidenced by an Officer's Certificate of the Issuer to that effect;

(6) to provide for the issuance of Additional Notes in accordance with the limitations set forth in this Indenture as of the date hereof;

(7) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;

(8) to evidence and provide for the acceptance of appointment hereunder by a successor trustee or a Notes Collateral Agent pursuant to the requirements of this Indenture;

(9) to provide for the release of a Guarantee of the Notes which release is otherwise permitted under this Indenture and would not result in a Default or Event of Default;

(10) to comply with the requirements of the SEC in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act of 1939, as amended;

(11) to make, complete or confirm any grant of Collateral permitted or required by this Indenture, any of the Security Documents or any release of Collateral pursuant to the terms of this Indenture or any of the Security Documents;

(12) to secure additional extensions of credit and add additional secured creditors holding other Fixed Asset Debt so long as such Fixed Asset Debt is not prohibited by the provisions of this Indenture or any other then-existing Fixed Asset Debt; and

(13) to add additional assets as Collateral.

Section 9.02 *With Consent of Holders.*

Except as provided below in this Section 9.02, the Issuer, the Guarantors, the Notes Collateral Agents and the Trustee may amend or supplement this Indenture (including, without limitation, Sections 3.08, 4.10 and 4.15 hereof), the Notes or the Note Guarantees and the Security Documents with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, or premium or interest, if any, on the Notes, except a Payment Default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture or the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Issuer accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence reasonably satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee will join with the Issuer and the Guarantors in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but will not be obligated to, enter into such amended or supplemental Indenture.

It is not necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment, supplement or waiver, but it is sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Issuer will mail to the Holders affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Issuer to mail such notice, or any defect therein, will not, however, in any way impair or affect the validity of any

such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of at least a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance by the Issuer and the Guarantors with any provision of this Indenture, the Notes or the Note Guarantees. However, without the consent of each Holder of the Notes affected, an amendment, supplement or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(1) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes (except as provided above with respect to Sections 3.08, 4.10 and 4.15 hereof);

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, if any, on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes or a waiver of the Payment Default that resulted from such acceleration);

(5) make any Note payable in money other than that stated in the Notes;

(6) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on the Notes;

(7) waive a redemption payment with respect to any Note (other than a payment required by Sections 3.08, 4.10 or 4.15 hereof);

(8) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture;

(9) adversely affect the ranking of the Notes or any Note Guarantee; or

(10) make any change in the preceding amendment and waiver provisions.

In addition, without the consent of the Holders of at least 66.7% in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, such series of the Notes), no amendment, supplement or waiver may (1) have the effect of releasing all or substantially all of the Collateral from the Liens of the Security Documents (except as permitted by the terms of this Indenture or the Security Documents) or changing or altering the priority of the security interests of the Holders of the Notes in the Collateral under the Intercreditor Agreement (other than as contemplated under clause (1) of the definition of "Permitted Liens" and the Intercreditor Agreement), (2) make any change in the Security Documents or the provisions in this Indenture dealing with the application of proceeds of the Collateral that would adversely affect the Holders of the Notes or (3) modify the Security Documents or the provisions of this Indenture dealing with Collateral in any manner adverse to the Holders of the Notes in any material respect other than in accordance with the terms of this Indenture or the Security Documents.

In addition, the Holders will be deemed to have consented for purposes of the Security Documents to any of the following amendments and other modifications to the Security Documents:

(1) (a) to add other parties (or any authorized agent thereof or trustee therefor) holding Fixed Asset Debt that is incurred in compliance with the Credit Agreement, this Indenture and the Security Documents and (b) to establish that the Liens on any Collateral securing such Fixed Asset Debt shall be *pari*

passu with the Liens on such Collateral securing the obligations under this Indenture, the Notes and the Note Guarantees, all on the terms provided for in an intercreditor agreement;

(2) to establish that the Liens on any Current Asset Collateral securing any Indebtedness replacing the Credit Agreement permitted to be incurred under Section 4.09(b)(1) shall be senior to the Liens on such Current Asset Collateral securing any obligations under this Indenture, the Notes and the Note Guarantees, and that the Liens on any Fixed Asset Collateral securing any such Indebtedness shall be junior to the Liens on such Fixed Asset Collateral securing any obligations under this Indenture, the Notes and the Note Guarantees, all on the terms provided for in the Intercreditor Agreement in effect immediately prior to such amendment and other modification; and

(3) upon any cancellation or termination of the Credit Agreement without a replacement thereof, to establish that the Current Asset Collateral (in addition to the Fixed Asset Collateral) shall secure the obligations under this Indenture, the Notes and the Note Guarantees on a first priority basis, subject to the terms of any intercreditor agreement in effect immediately prior to such amendment or other modification.

Section 9.03 *Revocation and Effect of Consents.*

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the amendment, supplement or waiver becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.04 *Notation on or Exchange of Notes and Notes.*

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Issuer in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note will not affect the validity and effect of such amendment, supplement or waiver.

Section 9.05 *Trustee to Sign Amendments, etc.*

The Trustee will sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Issuer may not sign an amended or supplemental indenture until the Board of Directors of the Issuer approves it. In executing any amended or supplemental indenture, the Trustee will be provided with and (subject to Section 7.01 hereof) will be fully protected in relying upon an Officer's Certificate of each of the Issuer and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture.

ARTICLE 10
NOTE GUARANTEES

Section 10.01 *Guarantees.*

(a) Subject to this Article 10, each of the Guarantors hereby, jointly and severally, unconditionally guarantees (each, a "*Note Guarantee*") to each Holder holding a Note authenticated and delivered by the Trustee

and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Issuer hereunder or thereunder, that:

(1) the principal of, and interest and premium, if any, on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of, and interest and premium, if any, on the Notes, if lawful, and all other obligations of the Issuer to the Holders or the Trustee under this Indenture will be promptly paid in full or performed, all in accordance with the terms of this Indenture and the Notes; and

(2) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise;

provided, however, that the Note Guarantee of each California Utility Guarantor will not become effective until receipt of the California Public Utilities Commission Approval.

(b) Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors will be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(c) The Guarantors hereby agree that their obligations hereunder are unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder with respect to any provisions hereof or thereof, the recovery of any judgment against the Issuer, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest, notice and all demands whatsoever and covenants that its Note Guarantee will not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

(d) If any Holder or the Trustee is required by any court or otherwise to return to the Issuer, the Guarantors or any custodian, trustee, receiver, receiver-manager, interim receiver, liquidator or other similar official acting in relation to the Issuer or the Guarantors, any amount paid by either to the Trustee or such Holder, the Note Guarantee, to the extent theretofore discharged, will be reinstated in full force and effect as fully as if such payment had never been made.

(e) Each Guarantor agrees that it shall not be entitled to any right of subrogation, reimbursement, indemnity, exoneration, contribution or any other claim which it may now or hereafter have against or to any Obligor or any Collateral in respect of any obligations guaranteed hereby under any law until payment in full of all obligations guaranteed hereby, and each Guarantor hereby waives any rights to enforce any remedy which such Guarantor may have against any Obligor and any right to participate in any Collateral until such time. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (1) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of the Note Guarantees, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (2) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) will forthwith become due and payable by the Guarantors for the purpose of the Note Guarantee. The Guarantors will have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantees.

Section 10.02 *Financial Assistance Consent.*

The Issuer or any of the Guarantors which is a "corporation" for purposes of the Business Corporations Act (Alberta) ("*ABCA*") hereby discloses to each of the Issuer or Guarantors which are shareholders of such corporation,

that it has provided or may be providing "financial assistance" (as defined in the ABCA) under this Indenture to persons contemplated by Section 45(3) of the ABCA and each of the Issuer or Guarantors that is a shareholder of such corporation hereby consents, pursuant to Section 45(4)(f) of the ABCA, to any such financial assistance given by such corporation under this Indenture.

Section 10.03 *Limitation on Guarantor Liability.*

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent preference, transfer or conveyance or a transfer at undervalue for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal, state, provincial or foreign law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each such Guarantor will be limited to the maximum amount that will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 10, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

Section 10.04 *Execution and Delivery of Note Guarantee.*

Each Guarantor hereby agrees that its execution and delivery of this Indenture or any supplemental indenture substantially in the form attached as Exhibit E hereto by an Officer thereof in accordance with Section 4.17 hereof shall evidence its Note Guarantee set forth in this Article 10 without the need for any further notation on the Notes.

The delivery of any Notes by the Trustee, after the authentication thereof hereunder, will constitute due delivery of the applicable Note Guarantees set forth in this Indenture on behalf of the applicable Guarantors. Neither the Issuer nor any Guarantor shall be required to make a notation on the Notes to reflect any Note Guarantee or any release, termination or discharge thereof provided for in this Indenture.

In the event that an Obligor or any of its Restricted Subsidiaries acquires or creates any Subsidiary after the date of this Indenture, if required by Section 4.17 hereof, an Obligor shall cause such Subsidiary to comply with the provisions of Section 4.17 hereof and this Article 10, to the extent applicable.

Section 10.05 *Guarantors May Consolidate, etc., on Certain Terms.*

Except as otherwise provided in Section 10.06 hereof, no Guarantor may sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge or amalgamate with or into (whether or not such Guarantor is the surviving Person) another Person, other than the Issuer or another Guarantor, unless:

(1) immediately after giving effect to such transaction, no Default or Event of Default exists; and

(2) either:

(a) (i) the Person acquiring the assets in any such sale or disposition or the Person formed by or surviving any such consolidation, merger or amalgamation (if other than the Guarantor) (the "*Successor Guarantor*") assumes all the obligations of that Guarantor under its Note Guarantee and this Indenture pursuant to a supplemental indenture (subject to certain exceptions set forth in the Note Guarantee and this Indenture) satisfactory to the Trustee and under the Security Documents, (ii) to the extent any property or assets of the Successor Guarantor, or the Person that is merged, amalgamated or consolidated with or into the Successor Guarantor, are property or assets of the type that would constitute Collateral under the Security Documents, the Successor Guarantor will take such action as may be reasonably necessary or required to cause such property

and assets to be made subject to a Lien securing the Notes pursuant to this Indenture and the Security Documents in the manner and to the extent required by this Indenture or any of the Security Documents and shall take all reasonably necessary action so that such Lien is perfected, preserved and protected to the extent required by this Indenture and the Security Documents, (iii) the Collateral owned by or sold, assigned, conveyed, leased, transferred or otherwise disposed of to the Successor Guarantor shall (x) continue to constitute Collateral under this Indenture and the Security Documents, (y) be subject to the Lien in favor of the Notes Collateral Agents for the benefit of the Trustee and the Holders of the Notes and (z) not be subject to any Lien other than Permitted Liens or other Liens as permitted under Section 4.12 and (iv) the Successor Guarantor shall become a party to the Intercreditor Agreement by joinder or supplement; or

(b) subject to Section 5.01 hereof, the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture, including without limitation, Section 4.10 hereof.

In case of any such consolidation, merger, amalgamation, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Note Guarantee endorsed upon the applicable Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person will succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor Person thereupon may cause to be signed any or all of the Note Guarantees to be endorsed upon all of the applicable Notes issuable hereunder which theretofore shall not have been signed by Parent and delivered to the Trustee. All the Note Guarantees so issued will in all respects have the same legal rank and benefit under this Indenture as the Note Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Note Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses 2(a) and (b) above, nothing contained in this Indenture or in any of the Notes will prevent any consolidation, merger or amalgamation of a Guarantor with or into the Issuer or another Guarantor, or will prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Issuer or another Guarantor.

Section 10.06 *Releases.*

(a) In the event of any sale or other disposition of all or substantially all of the assets of any Guarantor (other than the Parent), including by way of merger, amalgamation, consolidation or otherwise, to a Person that is not (either before or after giving effect to such transaction) an Obligor or a Restricted Subsidiary of an Obligor, if the sale or other disposition does not violate Section 4.10 hereof, then the corporation acquiring the property will be released and relieved of any obligations under the applicable Note Guarantee; *provided* that, if such Guarantor is not a Restricted Subsidiary of Parent, all of the Net Proceeds received in consideration of such sale or other disposition are contributed to one or more other Obligors as common equity capital or otherwise applied to purchase or otherwise acquire Qualifying Entity Interests simultaneously with the consummation of such sale or other disposition and constitute Contribution Proceeds.

(b) In the event of any sale or other disposition of Capital Stock of any Guarantor (other than the Parent) to a Person that is not (either before or after giving effect to such transaction) an Obligor or a Restricted Subsidiary of an Obligor, if the sale or other disposition does not violate Section 4.10 hereof and the Guarantor ceases to be a member of the Group as a result of the sale or other disposition, then such Guarantor will be released and relieved of any obligations under its Note Guarantee; *provided* that, if such Guarantor is not a Restricted Subsidiary of Parent, the Net Proceeds received in consideration of such sale or other disposition are contributed to one or more other Obligors as common equity capital or otherwise applied to purchase or otherwise acquire Qualifying Entity Interests simultaneously with the consummation of such sale or other disposition and constitute Contribution Proceeds. Upon delivery by the Issuer to the Trustee of an Officer's Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Guarantor in accordance with the provisions of this Indenture, including without limitation Section 4.10 hereof, the Trustee will execute any documents reasonably required in order to evidence the release of the Guarantor from its obligations under its Note Guarantees.

(c) Upon designation of any Restricted Subsidiary that is a Guarantor (other than the Parent) as an Unrestricted Subsidiary in accordance with the terms of this Indenture, such Guarantor will be released and relieved of any obligations under its Note Guarantees.

(d) Upon Legal Defeasance or Covenant Defeasance in accordance with Article 8 hereof, each Guarantor (other than the Parent) will be released and relieved of any obligations under its Note Guarantees.

(e) Upon satisfaction and discharge of this Indenture in accordance with Article 11 hereof, each Guarantor will be released and relieved of any obligations under its Note Guarantee.

(f) Any Guarantor (other than the Parent) not released from its obligations under its Note Guarantee as provided in this Section 10.06 will remain liable for the full amount of principal of, premium on, if any, and interest, if any, on the applicable Notes and for the other obligations of such Guarantor under this Indenture as provided in this Article 10.

(g) A Guarantor is released from its obligations under its Note Guarantee as provided in this Article 10, (1) upon the release of any Guarantor (other than a Guarantor on the issue date for the Notes or a California Utility Guarantor, to the extent its Note Guarantee has become effective) of its obligations under all Indebtedness that would require it to be a Guarantor under Section 4.17, except for a discharge or release by or as a result of payment in connection with the enforcement of remedies under such guarantee or direct obligation or (2) upon the applicable Guarantor ceasing to be a Subsidiary as a result of any foreclosure of any pledge or security interest securing other Fixed Asset Debt and ABL Debt or other exercise of remedies in respect thereof, in each case in accordance with the Intercreditor Agreement.

ARTICLE 11
SATISFACTION AND DISCHARGE

Section 11.01 *Satisfaction and Discharge.*

This Indenture will be discharged and will cease to be of further effect as to all Notes issued hereunder and the Security Documents will be discharged and will cease to be of further effect and any Collateral then securing the Notes shall be released (except as to surviving rights of registration of transfer or exchange of Notes, as expressly provided for in this Indenture), when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or

(b) all such Notes that have not been delivered to the Trustee for cancellation (i) have become due and payable by reason of the mailing of a notice of redemption or otherwise, (ii) will become due and payable within one year or (iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuer, and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars sufficient, non-callable Government Securities, the scheduled payments of principal of and interest thereon will be sufficient, or a combination of cash in U.S. dollars and non-callable Government Securities, in amounts as will be sufficient, in the opinion of a nationally recognized investment bank, appraisal firm or firm of independent public accountants (which opinion need only be given if Government Securities have been so deposited), without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on such Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge or other repayment and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings);

(3) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(4) the Issuer has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Notwithstanding the satisfaction and discharge of this Indenture, if money has been deposited with the Trustee pursuant to clause (1)(b) of this Section 11.01, the provisions of Sections 11.02 and 8.06 hereof will survive. In addition, nothing in this Section 11.01 will be deemed to discharge the provisions of Section 7.06 hereof.

Section 11.02 *Application of Trust Money.*

Subject to the provisions of Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the applicable Notes and this Indenture, to the payment, either directly or through any Paying Agent (including any Obligor or Restricted Subsidiary acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal and interest and premium, if any, for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required by law.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 11.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Issuer's and any applicable Guarantor's obligations under this Indenture and the applicable Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 11.01 hereof; *provided* that if the Issuer has made any payment of principal of, premium on, if any, or interest, if any, on any Notes because of the reinstatement of its obligations, the Issuer shall be subrogated to the rights of the applicable Holders to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 12
COLLATERAL AND SECURITY

Section 12.01 *Security Interests.*

The due and punctual payment of the principal of, premium, if any, interest on, the Notes when and as the same shall be due and payable, whether on an interest payment date, at maturity, by acceleration, repurchase, redemption or otherwise, and interest on the overdue principal of, premium, if any, interest on, the Notes and performance of all other Obligations of the Obligors to the Note Secured Parties under this Indenture and the Notes, according to the terms hereunder or thereunder, are secured as provided in the Security Documents. Each Holder, by its acceptance thereof, consents and agrees to the terms of the Security Documents (including, without limitation, the provisions providing for priority of Liens and foreclosure and release of Collateral) as the same may be in effect or may be amended from time to time in accordance with their terms and authorizes and directs the Notes Collateral Agents to enter into the Security Documents and to perform its obligations and exercise its rights thereunder in accordance therewith and authorize and direct each of the Trustee and the Notes Collateral Agents to bind the Holders as set forth in the Security Documents. The Obligors consent and agree to be bound by the terms of the Security

Documents, as the same may be in effect from time to time, and agrees to perform its obligations thereunder in accordance therewith. The Issuer will take, and will cause the other Obligors to take, any and all actions reasonably required by the Security Documents to create and maintain, as security for the Fixed Asset Obligations, a valid and enforceable perfected Lien in and on all the Collateral in favor of the Note Secured Parties, to the extent required by, and with the Lien priority required under, the Note Documents.

Section 12.02 *Recordings and Opinions.*

(a) The Issuer will furnish to the Trustee and the Notes Collateral Agents simultaneously with the execution and delivery of this Indenture an Opinion of Counsel stating that, in the opinion of such counsel, upon the filing of the applicable financing statements in the office of the Secretary of State of Delaware and recorder of deeds by District of Columbia or Delaware, as applicable, all action will have been taken with respect to the recording, registering and filing of this Indenture, financing statements or other instruments necessary to make effective and perfect the Lien intended to be created by the Security Documents, and reciting with respect to the security interests in the Collateral, the details of such action.

Section 12.03 *Release of Collateral*.

(a) Collateral may be released from the Lien and security interest created by the Security Documents at any time or from time to time in accordance with the provisions of the Security Documents, the Intercreditor Agreement or as provided hereby. The Obligors will be entitled to a release of property and other assets included in the Collateral from the Liens securing the Notes and the Note Guarantees, and the Trustee (subject to its receipt of an Officer's Certificate and Opinion of Counsel as provided below) shall release, or instruct the Notes Collateral Agents to release the same from such Liens as the Issuer's sole cost and expense, under one or more of the following circumstances:

(1) to enable the Obligors to sell, exchange or otherwise dispose of any of the Collateral to the extent not prohibited under Section 4.10 other than any disposition to another Obligor;

(2) pursuant to the terms of the Intercreditor Agreement;

(3) pursuant to an amendment or waiver in accordance with Article 9 of this Indenture;

(4) if the Notes have been discharged or defeased pursuant to Articles 8 or 11;

(5) upon payment in full of the principal of, and accrued and unpaid interest and premium, if any, on, the Notes;

(6) in whole or in part, as applicable, as to all or any portion of property subject to such Liens that has been taken by eminent domain, condemnation or other similar circumstances, other than the proceeds thereof, if any;

(7) in part, as to any property that is owned or at any time acquired by a Guarantor that has been released from its Note Guarantee, concurrently with the release of such Note Guarantee;

(8) as to property that constitutes all or substantially all of the Collateral securing the Notes, with the consent of Holders of at least 66 2/3% in aggregate principal amount of the Notes then outstanding;

(9) as to property that constitutes less than all or substantially all of the Collateral securing the Notes, with the consent of the Holders of at least a majority of the aggregate principal amount of the Notes then outstanding; or

(10) if such property becomes Excluded Assets.

Section 12.04 *Ranking of Liens in Fixed Asset Collateral.*

Notwithstanding:

(a) anything to the contrary contained in the Security Documents;

(b) the time of incurrence of any ABL Debt or Fixed Asset Debt;

(c) the order or method of attachment or perfection of any Liens securing any ABL Debt or Fixed Asset Debt;

(d) the time or order of filing or recording of financing statements, mortgages or other documents filed or recorded to perfect any Lien upon any Fixed Asset Collateral;

(e) the time of taking possession or control over any Fixed Asset Collateral;

(f) that any Fixed Asset Lien may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or

(g) the rules for determining priority under any law governing relative priorities of Liens;

but subject to the Intercreditor Agreement:

(1) all Fixed Asset Liens in favor of the Note Secured Parties granted at any time by the Obligors on Fixed Asset Collateral will be senior to the Liens granted at any time by the Obligors on Fixed Asset Collateral securing any ABL Debt; and

(2) all proceeds of all Fixed Asset Liens granted at any time by the Obligors on Fixed Asset Collateral will be allocated and distributed first, to the Notes Collateral Agents for distribution in accordance with the Fixed Asset Security Documents, and second, on account of the ABL Debt for distribution in accordance with the ABL Security Documents. This Section 12.04 is intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future Holder of Notes and each present and future Notes Collateral Agent.

Section 12.05 *Ranking of Liens in Current Asset Collateral.*

Notwithstanding:

(a) anything to the contrary contained in the Security Documents;

(b) the time of incurrence of any ABL Debt or Fixed Asset Debt;

(c) the order or method of attachment or perfection of any Liens securing any ABL Debt or Fixed Asset Debt;

(d) the time or order of filing or recording of financing statements, mortgages or other documents filed or recorded to perfect any Lien upon any Current Asset Collateral;

(e) the time of taking possession or control over any Current Asset Collateral;

(f) that any Lien securing ABL Debt may not have been perfected or may be or have become subordinated, by equitable subordination or otherwise, to any other Lien; or

(g) the rules for determining priority under any law governing relative priorities of Liens;

but subject to the Intercreditor Agreement:

(1) all Fixed Asset Liens in favor of the Note Secured Parties granted at any time by the Obligors on Current Asset Collateral will be junior to the Liens granted at any time by the Obligors on Current Asset Collateral securing any ABL Debt; and

(2) all proceeds of all Lien securing ABL Debt granted at any time by the Obligors on Current Asset Collateral will be allocated and distributed first, on account of the ABL Debt for distribution in accordance with the ABL Security Documents, and second to the Notes Collateral Agents (for so long as the Notes Collateral Agents are the Fixed Asset Representatives) for distribution in accordance with the Fixed Asset Security Documents. This Section 12.05 is intended for the benefit of, and will be enforceable as a third party beneficiary by, each present and future ABL Loan Parties and each present and future ABL Representative.

Section 12.06 *After-Acquired Property*

With respect to any fee interest in any Premises owned by the Obligors on the issue date or acquired by the Obligors after the issue date that forms a part of the Collateral, within 90 days (or such longer period as the ABL Collateral Agent (or if there is no ABL Collateral Agent, the Notes Collateral Agent) shall agree) of the issue date or the date of acquisition, as applicable (in each case solely to the extent, and substantially in the form, delivered to the relevant Notes Collateral Agent at the time of acquisition, but no greater scope):

(a) such Obligor shall deliver to the relevant Notes Collateral Agent, as mortgagee or beneficiary, as applicable, for the ratable benefit of itself and the Holders, fully executed counterparts of mortgages, deeds of trust, security deeds or deeds to secured debt (each, a "*Mortgage*") in accordance with the requirements hereunder and/or the Security Documents, duly executed and acknowledged by such Obligor, and otherwise in form for recording in the recording office of each applicable political subdivision where each Premises is situated, together with such certificates, affidavits, questionnaires or returns as shall be reasonably required in connection with the recording or filing thereof and evidence of the completion (or satisfactory arrangements for the completion) of all recordings and filings of such Mortgage (and payment of any taxes or fees in connection therewith), together with any necessary fixture filings, as may be necessary to create a valid, perfected Lien, with the priority required by this Indenture and the Security Documents, subject to Permitted Liens, against Premises purported to be covered thereby;

(b) the relevant Notes Collateral Agent shall have received mortgagee's title reports, fully paid American Land Title Association Lender's Extended Coverage title insurance policies or the equivalent or other form available in the applicable jurisdiction in form and substance, with endorsements and in an amount reasonably acceptable to the ABL Collateral Agent (not to exceed the value of the real property covered thereby) and American Land Title Association/American Congress on Surveying and Mapping form surveys or the equivalent or other form available in the applicable jurisdiction in form and substance;

(c) such Obligor shall deliver to the relevant Notes Collateral Agent customary local counsel opinions and opinions of counsel in the jurisdiction of organization of the owner of the applicable Premises.

Upon the acquisition by any of the Issuer or the Guarantors after the issue date of any assets (other than Excluded Assets and subject to the Perfection Exception), the Issuer or such Guarantor shall execute and deliver (i) with regard to real property that qualifies as Collateral, the items described in this Section 12.06 within 90 days of the date of acquisition of the applicable asset (or such longer period as the ABL Collateral Agent (or if there is no ABL Collateral Agent, the Notes Collateral Agent) shall agree) and (ii) with regard to any other after-acquired property, to the extent required by this Indenture or the Security Documents, any information, documentation, financing statements or other certificates and opinions of counsel as may be necessary to vest in the relevant Notes Collateral Agent a perfected security interest, with the priority required by this Indenture and the Security Documents, subject only to Permitted Liens, in such after-acquired property and to have such after-acquired property added to the Collateral, and thereupon all provisions of this Indenture and the Security Documents relating to the Collateral shall be deemed to relate to such after-acquired property to the same extent and with the same force and effect.

Section 12.07 *Designations.*

For purposes hereof and of the Security Documents, the Indebtedness incurred hereunder is automatically designated Fixed Asset Debt. For all purposes hereof and of the Security Documents requiring or permitting the Obligors to designate any other Indebtedness as ABL Debt or Fixed Asset Debt and related definitions and any other such designations hereunder or under any of the Security Documents, any such designation shall be sufficient if the relevant designation provides in an Officer's Certificate that such ABL Debt or Fixed Asset Debt, as applicable, is permitted under this Indenture.

Section 12.08 *Authorization of Actions to be Taken by the Trustee under the Security Documents.*

(a) Subject to the provisions of Section 7.01 and 7.02 hereof, the Trustee may, in its sole discretion and without the consent of the Holders, direct, on behalf of the Holders, the Notes Collateral Agents to, take all actions it deems necessary or appropriate in order to:

(1) enforce any of the terms of the Security Documents; and

(2) collect and receive any and all amounts payable in respect of the Obligations of the Issuer hereunder.

The Trustee will have power to institute and maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings as the Trustee may deem expedient to preserve or protect its interests and the interests of the Holders of Notes in the Collateral (including power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest hereunder or be prejudicial to the interests of the Holders of Notes or of the Trustee).

(b) The Trustee or the Notes Collateral Agents shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes negligence (or gross negligence in the case of the Notes Collateral Agents) or willful misconduct on the part of the Trustee or the Notes Collateral Agents, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of the Issuer to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral. Notwithstanding the foregoing, neither the Trustee nor the Notes Collateral Agents shall have responsibility for recording, filing, re-recording or refiling any financing statement, continuation statement, document, instrument or other notice in any public office at any time or times or to otherwise take any action to perfect or maintain the perfection of any security interest granted to it under the Security Documents relating to the Notes or otherwise.

(c) Where any provision of the Security Documents relating to the Notes requires that additional property or assets be provided as Collateral, the Issuer shall, or shall cause the applicable Guarantors to, take any and all actions reasonably required to cause such additional property or assets to be provided as Collateral and to create and perfect a valid and enforceable first-priority security interest in such property or assets (subject to Permitted Liens and other exceptions in the Security Documents relating to the Notes) in favor of the Notes Collateral Agents for the benefit of itself, the Trustee and the Holders of the Notes in accordance with and to the extent required under the Security Documents relating to the Notes.

(d) The Trustee, in giving any consent or approval under this Indenture or the Security Documents relating to the Notes, shall (unless it otherwise agrees) receive, as a condition to such consent or approval, an Officer's Certificate or an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions) or both to the effect that the action or omission for which consent or approval is to be given does

not violate this Indenture or the Security Documents relating to the Notes, and the Trustee shall be fully protected in giving such consent or approval on the basis of such Officer's Certificate or Opinion of Counsel.

Section 12.09 *Authorization of Receipt of Funds by the Trustee under the Security Documents.*

Subject to the provisions of the Intercreditor Agreement, the Trustee is authorized to receive any funds for the benefit of the Holders of Notes distributed under the Security Documents, and to make further distributions of such funds to the Holders of Notes according to the provisions of this Indenture.

Section 12.10 *Termination of Security Interest.*

Upon the full and final payment and performance of all Obligations of the Issuer under this Indenture and the Notes or upon Legal Defeasance, Covenant Defeasance or satisfaction and discharge of this Indenture in accordance with Article 11 hereof, the Trustee will, at the request of the Issuer, deliver a certificate to the Notes Collateral Agents stating that such Obligations have been paid in full, and instruct the Notes Collateral Agents to release the Liens pursuant to this Indenture and the Security Documents.

Section 12.11 *Powers Exercisable by Receiver or Trustee.*

In case the Collateral shall be in the possession of a receiver or trustee, lawfully appointed, the powers conferred in this Article 12 upon the Obligors with respect to the release, sale or other disposition of such property may be exercised by such receiver or trustee, and an instrument signed by such receiver or trustee shall be deemed the equivalent of any similar instrument of the Obligors or of any officer or officers thereof required by the provisions of this Article 12; and if the Trustee shall be in the possession of the Collateral under any provision of this Indenture, then such powers may be exercised by the Trustee.

Section 12.12 *Notes Collateral Agents.*

(a) The Trustee and each of the Holders by acceptance of the Notes hereby designates and appoint the Notes Collateral Agents as their collateral agents under this Indenture, and the Security Documents and the Trustee and each of the Holders by acceptance of the Notes hereby irrevocably authorize the Notes Collateral Agents to (i) enter into the Security Documents, (ii) bind the Holders on the terms as set forth in the Security Documents and (iii) perform and observe their obligations under, take action under and exercise powers and perform duties as are expressly delegated to the Notes Collateral Agents by the terms of this Indenture and the Security Documents, together with such powers as are reasonably incidental thereto. The Notes Collateral Agents agree to act as such on the express conditions contained in this Section 12.12. The provisions of this Section 12.12 are solely for the benefit of the Notes Collateral Agents and none of the Trustee, any of the Holders nor the Obligors shall have any rights as a third party beneficiary of any of the provisions contained herein other than as expressly provided in Section 12.12. Notwithstanding any provision to the contrary contained elsewhere in this Indenture and the Security Documents, the Notes Collateral Agents shall not have any duties or responsibilities, except those expressly set forth herein, in the Security Documents, nor shall the Notes Collateral Agents have or be deemed to have any fiduciary relationship with the Trustee, any Holder or any Obligor, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Indenture, the Security Documents or otherwise exist against the Notes Collateral Agents. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Indenture with reference to the Notes Collateral Agents is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties. Except as expressly otherwise provided in this Indenture, the Notes Collateral Agents shall have and may use their sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions which the Notes Collateral Agents are expressly entitled to take or assert under this Indenture and the Security Documents, including the exercise of remedies pursuant to Article 6, and any action so taken or not taken shall be deemed consented to by the Trustee and the Holders.

(b) The Notes Collateral Agents may execute any of their duties under this Indenture and the Security Documents by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Notes Collateral Agents shall not be responsible for the negligence or misconduct of any agent, employee or attorney-in-fact that it selects as long as such selection was made without negligence or willful misconduct.

(c) None of the Notes Collateral Agents or any of their agents or employees shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Indenture or the transactions contemplated hereby (except for its own negligence or willful misconduct) or under or in connection with the Security Documents or the transactions contemplated thereby (except for its own negligence or willful misconduct), or (ii) be responsible in any manner to the Trustee or any Holder for any recital, statement, representation, warranty, covenant or agreement made by the Obligors, contained in this or any Indenture, or in any certificate, report, statement or other document referred to or provided for in, or received by the Notes Collateral Agents under or in connection with, this or any other Indenture and the Security Documents, or the validity, effectiveness, genuineness, enforceability or sufficiency of this or any other Indenture or the Security Documents, or for any failure of the Obligors or any other party to this Indenture or the Security Documents to perform its obligations hereunder or thereunder. None of the Notes Collateral Agents or any of their agents or employees shall be under any obligation to the Trustee or any Holder to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this or any other Indenture or the Security Documents or to inspect the properties, books or records of the Obligors.

(d) The Notes Collateral Agents shall be entitled to conclusively rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, facsimile or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons. The Notes Collateral Agents shall in all cases be fully protected in acting, or in refraining from acting, under this or any other Indenture or the Security Documents in accordance with a request or consent of the Trustee and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Holders.

(e) The Notes Collateral Agents shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, unless the Notes Collateral Agents shall have received written notice from the Trustee or the Issuer referring to this Indenture, describing such Default or Event of Default and stating that such notice is a "notice of default." The Notes Collateral Agents shall take such action with respect to such Default or Event of Default as may be requested by the Trustee in accordance with Article 6; *provided, however*, that unless and until the Notes Collateral Agents have received any such request, the Notes Collateral Agents may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable.

(f) The Bank of New York Mellon and BNY Trust Company of Canada and their Affiliates (and any successor Notes Collateral Agents and its Affiliates) may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting, or other business with the Obligors as though they were not the Notes Collateral Agents hereunder and without notice to or consent of the Trustee. The Trustee and the Holders acknowledge that, pursuant to such activities, The Bank of New York Mellon, BNY Trust Company of Canada and their Affiliates (and any successor Notes Collateral Agents and their Affiliates) may receive information regarding the Obligors (including information that may be subject to confidentiality obligations in favor of the Obligors) and acknowledge that the Notes Collateral Agents shall not be under any obligation to provide such information to the Trustee or the Holders. Nothing herein shall impose or imply any obligation on the part of The Bank of New York Mellon or BNY Trust Company of Canada (or any successor Notes Collateral Agent) to advance funds.

(g) The Notes Collateral Agents may resign at any time upon thirty (30) days prior written notice to the Trustee and the Issuer, such resignation to be effective upon the acceptance of a successor agent to its appointment as Notes Collateral Agent. If either Notes Collateral Agent resigns under this Indenture, the Issuer shall appoint a successor Notes Collateral Agent. If no successor notes collateral agent is appointed and consented to by the Issuer pursuant to the preceding sentence within thirty (30) days after the intended effective date of resignation (as

stated in the notice of resignation) the Notes Collateral Agent shall be entitled to petition at the expense of the Issuer a court of competent jurisdiction to appoint a successor. Upon the acceptance of its appointment as successor notes collateral agent hereunder, such successor notes collateral agent shall succeed to all the rights, powers and duties of the retiring Notes Collateral Agent, and the term "Notes Collateral Agents" shall include such successor notes collateral agent, and the retiring Notes Collateral Agent's appointment, powers and duties as the Notes Collateral Agent shall be terminated. After the retiring Notes Collateral Agent's resignation hereunder, the provisions of this Section 12.12 (and Section 12.13) shall continue to inure to its benefit and the retiring Notes Collateral Agent shall not by reason of such resignation be deemed to be released from liability as to any actions taken or omitted to be taken by it while it was a Notes Collateral Agent under this Indenture.

(h) The Trustee shall initially act as U.S. Notes Collateral Agent and shall be authorized to appoint co-Notes Collateral Agents as necessary in its sole discretion. Except as otherwise explicitly provided herein or in the Security Documents, neither the Notes Collateral Agents nor any of its officers, directors, employees or agents shall be liable for failure to demand, collect or realize upon any of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of any other Person or to take any other action whatsoever with regard to the Collateral or any part thereof. The Notes Collateral Agents shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither the Notes Collateral Agents nor any of its officers, directors, employees or agents be responsible for any act or failure to act hereunder, except for its own willful misconduct or negligence.

(i) The Trustee agrees that it shall not be obliged to instruct the Notes Collateral Agents to, unless specifically requested to do so in writing by a majority of the Holders, take or cause to be taken any action to enforce its rights under this Indenture or against the Obligors, including the commencement of any legal or equitable proceedings, to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(j) Each of the Trustee and the Notes Collateral Agents is each Holder's agent for the purpose of perfecting the Holders' security interest in assets which, in accordance with Article 9 of the Uniform Commercial Code or the PPSA, can be perfected only by possession. Should the Trustee obtain possession of any such Collateral, upon written request from the Issuer, the Trustee shall notify the relevant Notes Collateral Agent thereof, and, promptly upon the relevant Notes Collateral Agent's request therefor, shall deliver such Collateral to it or otherwise deal with such Collateral in accordance with its instructions.

(k) The Notes Collateral Agents shall have no obligation whatsoever to the Trustee or any of the Holders to assure that the Collateral exists or is owned by the Obligors or is cared for, protected or insured or has been encumbered, or that the Notes Collateral Agents' Liens have been properly or sufficiently or lawfully created, perfected, protected, maintained or enforced or are entitled to any particular priority, or to determine whether all of the Grantor's property constituting Collateral intended to be subject to the Lien and security interest of the Security Documents has been properly and completely listed or delivered, as the case may be, or the genuineness, validity, marketability or sufficiency thereof or title thereto, or, except as expressly provided in the Security Documents, to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity.

(l) If the Issuer (i) incurs any obligations in respect of ABL Debt at any time when no intercreditor agreement is in effect or at any time when Indebtedness constituting ABL Debt entitled to the benefit of an existing intercreditor agreement is concurrently retired, and (ii) delivers to the Notes Collateral Agents an Officer's Certificate so stating and requesting the Notes Collateral Agents enter into an intercreditor agreement (on substantially the same terms as the Intercreditor Agreement) in favor of a designated agent or ABL Representative, the Notes Collateral Agents shall (and are hereby authorized and directed to) enter into such intercreditor agreement (at the sole expense and cost of the Issuer, including legal fees and expenses of the Notes Collateral Agents), bind the Holders on the terms set forth therein and perform and observe its obligations thereunder.

(m) No provision of this Indenture or Security Documents shall require the Notes Collateral Agent (or the Trustee) to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or thereunder or to take or omit to take any action hereunder or thereunder or take any action at the request or direction of Holders (or the Trustee in the case of the Notes Collateral Agent) if it shall have reasonable grounds for believing that repayment of such funds is not assured to it.

(n) Each Notes Collateral Agent (i) shall not be liable for any action it takes or omits to take in good faith which it reasonably believes to be authorized or within its rights or powers, or for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Notes Collateral Agent was grossly negligent in ascertaining the pertinent facts, (ii) shall not be liable for interest on any money received by it except as the Notes Collateral Agent may agree in writing with the Issuer (and money held in trust by the Notes Collateral Agent need not be segregated from other funds except to the extent required by law), (iii) may consult with counsel of its selection and the advice or opinion of such counsel as to matters of law shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it in good faith and in accordance with the advice or opinion of such counsel, and (iv) in no event shall the Notes Collateral Agent be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Notes Collateral Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The grant of permissive rights or powers to the Notes Collateral Agent shall not be construed to impose duties to act.

(o) The Holders shall be deemed to have consented to any request that either Notes Collateral Agent may make under any of the Security Documents.

Section 12.13 *Compensation and Indemnification for Notes Collateral Agent.*

The Notes Collateral Agents shall be entitled to the rights set forth in Section 7.02, the last paragraph of Section 14.01 and the compensation and indemnification set forth in Section 7.06 (with the references to the Trustee therein being deemed to refer to the Notes Collateral Agents).

In the event that the U.S. Notes Collateral Agent or the Canadian Notes Collateral Agent acquire title to an asset pursuant to their duties under the Security Documents, or take any managerial action of any kind in regard thereto, in order to carry out any agency, fiduciary or trust obligation for the benefit of the Secured Parties, which in the sole discretion of the U.S. Notes Collateral Agent or the Canadian Notes Collateral Agent may cause them to be considered an "owner or operator" under the provisions of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §9601, et seq., the Canadian Environmental Protection Act (Canada) (S.C. 1999, c. 33), the Fisheries Act (Canada) (R.S.C., 1985, c. F-14), the Transportation of Dangerous Goods Act (Canada) (1992 (1992, c. 34) or the Environmental Protection and Enhancement Act (Alberta) (RSA 2000, c. E-12), or otherwise cause them to incur, or be exposed to, any environmental liability under any other similar federal, state, provincial, territorial or local environmental law, ordinance, rule, or regulation in the United States or Canada, the Notes Collateral Agents reserve the right, instead of taking such action, either to resign as collateral agent or to arrange for the transfer of the title or control of the asset to a court appointed receiver. The Notes Collateral Agents will not be liable to any person for any environmental liabilities under any such federal, state, provincial, territorial or local environmental law, ordinance, rule, or regulation in the United States or Canada by reason of the Notes Collateral Agents actions and conduct as authorized, empowered and directed hereunder or relating to any kind of release or threatened release of any hazardous materials into the environment. The Issuer and the Guarantors, jointly and severally, shall defend, indemnify, and hold harmless the Notes Collateral Agents from and against any claims, demands, penalties, fines, liabilities, settlements, damages, costs, or expenses of whatever kind or nature, known or unknown, contingent or otherwise, arising out of the actions of the Notes Collateral Agents acting hereunder relating to any kind of release or threatened release of any hazardous materials into the environment; provided that the Issuer and the Guarantors shall have no such obligation under this if such release or threatened release was directly or exclusively caused by the acts or omissions by Persons other than the Issuer or the Guarantors with respect to the applicable property that occur after a Notes Collateral Agent sells the respective property pursuant to a foreclosure or has accepted a deed in lieu of foreclosure.

The Notes Collateral Agents reserve the right to conduct an environmental audit prior to foreclosing on any real estate Collateral or mortgage Collateral. The Notes Collateral Agents reserve the right to forebear from foreclosing in its own name if to do so may expose it to undue risk.

Section 12.14 *Further Assurances.*

(a) Subject to applicable law:

(1) The Obligors will, and will cause each Subsidiary that is a Guarantor to, execute and deliver, or cause to be executed and delivered, such documents, agreements and instruments, and will take or cause to be taken such further actions (including the delivery of supplemental schedules to the Fixed Asset Security Documents if required thereunder, the filing and recording of financing statements, fixture filings, mortgages, deeds of trust and other documents and such other actions or deliveries of the type required by the equivalent provision of the Credit Agreement, as applicable) to carry out the terms and conditions of the Fixed Asset Security Documents and to ensure perfection and priority of the Liens created or intended to be created by the Fixed Asset Security Documents except to the extent contemplated hereby and thereby, or as the Trustee may, from time to time, reasonably request, all at the expense of the Obligors.

(2) [Reserved]

(3) Notwithstanding anything to the contrary in this section, real property required to be mortgaged under this Section 12.14 shall be limited to real property located in the United States owned in fee by the Obligors having a Fair Market Value at the time of the acquisition thereof of $3.0 million or more (provided that the cost of perfecting such Lien is not unreasonable in relation to the benefits to Note Secured Parties of the security afforded thereby in the reasonable judgment of the Issuer or of the ABL Collateral Agent in respect of the equivalent provision in the Credit Agreement, in each case after consultation with the Issuer).

(4) No Obligor shall be required to (i) include as collateral any Excluded Assets, (ii) perfect any Liens in any cash, deposit accounts or securities accounts to the extent perfection requires actions other than the filing of customary financing statements or (iii) perfect any Liens or take any other action with respect to any asset if the ABL Collateral Agent has agreed with the Issuer that the burden or cost of the equivalent of such action under the Credit Agreement is excessive in relation to the benefits to be obtained by such action. The Obligors may elect, in their sole discretion to take any action referred to in the previous sentence but no such election shall require the Obligors to continue to maintain any such action or take any other action referred to in the preceding sentence.

(b) Notwithstanding the foregoing, if after using commercially reasonable efforts such a security interest in an asset cannot be created or perfected because a third party consent has not been obtained or local law does not permit a security interest to more than one secured party, the Issuer will not be required to create or perfect such security interest.

ARTICLE 13
MEASURING COMPLIANCE

Section 13.01 *Measuring Compliance*

(a) With respect to any (x) Investment or acquisition, in each case, for which the Obligors or any Subsidiary of the Obligors may not terminate its obligations due to a lack of financing for such Investment or acquisition (whether by merger, consolidation or other business combination or the acquisition of Capital Stock or otherwise)as applicable and (y) repayment, repurchase or refinancing of Indebtedness with respect to which an irrevocable notice of repayment (or similar irrevocable notice) has been delivered, in each case for purposes of determining:

(1) whether any Indebtedness (including Acquired Debt) that is being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is permitted to be incurred in compliance with Section 4.09;

(2) whether any Lien being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness or to secure any such Indebtedness is permitted to be incurred in accordance with Section 4.12 or the definition of “Permitted Liens” in Section 1.01;

(3) whether any other transaction undertaken or proposed to be undertaken in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness complies with the covenants or agreements contained in this Indenture or the Notes; and

(4) any calculation of the ratios, including Fixed Charge Coverage Ratio, Leverage Ratio, Combined Net Income, Combined Cash Flow and/or Combined Net Tangible Assets and, whether a Default or Event of Default exists in connection with the foregoing,

at the option of such Obligor, the date that the definitive agreement for such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is entered into (the "*Transaction Agreement Date*") may be used as the applicable date of determination, as the case may be, in each case on a pro forma basis and with such adjustments as are appropriate and consistent with the adjustment provisions set forth in the definition of "Combined Cash Flow." For the avoidance of doubt, if the Obligor elects to use the Transaction Agreement Date as the applicable date of determination in accordance with the foregoing, (a) any fluctuation or change in the Fixed Charge Coverage Ratio, Combined Net Income, Combined Cash Flow and/or Combined Net Tangible Assets of such Obligor from the Transaction Agreement Date to the consummation of such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness, will not be taken into account for purposes of determining whether any Indebtedness or Lien that is being incurred in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness or in connection with compliance by the Obligor or any of the Restricted Subsidiaries with any other provision of this Indenture or the Notes or any other transaction undertaken in connection with such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness, is permitted to be incurred and (b) until such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness is consummated or such definitive agreements are terminated, such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness and all transactions proposed to be undertaken in connection therewith (including the incurrence of Indebtedness and Liens) will be given pro forma effect when determining compliance of other transactions (including the incurrence of Indebtedness and Liens unrelated to such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness) that are consummated after the Transaction Agreement Date and on or prior to the consummation of such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness and any such transactions (including any incurrence of Indebtedness and the use of proceeds thereof) will be deemed to have occurred on the relevant Transaction Agreement Date and outstanding thereafter for purposes of calculating any baskets or ratios under this Indenture after such date and before the consummation or termination of such Investment, acquisition or repayment, repurchase or refinancing of Indebtedness. In addition, if an Obligor elects to use the Transaction Agreement Date in connection with the incurrence of Indebtedness and/or related Liens under any revolving credit facility as provided in the preceding sentence, the full amount committed under such revolving credit facility (after giving effect to any subsequent reductions in commitments) shall be deemed to be outstanding with respect to each relevant future determination as to how much Indebtedness is outstanding under such revolving credit facility and of the Fixed Charge Coverage Ratio; *provided* that such Obligor may at its option on any date terminate its election to apply this paragraph to any revolving credit facility so long as any Indebtedness under and Liens securing such revolving credit facility would be permitted on such date as if incurred on such date and, in such event, this paragraph will cease to apply to such revolving credit facility.

ARTICLE 14

MISCELLANEOUS

Section 14.01 *Notices.*

Any notice or communication by the Issuer, Parent, any Guarantor or the Trustee to the others is duly given if in writing and delivered in person or by first class mail (registered or certified, return receipt requested), facsimile transmission or overnight air courier guaranteeing next day delivery, to the others' address:

If to any Issuer and/or any Guarantor:

Rockpoint Gas Storage Partners LP
400, 607 – 8th Ave. S.W.
Calgary, Alberta T2P 0A7

Fax: (866) 208-6397
Email: jason.dubchak@rockpointgs.com
Attention: General Counsel

With a copy to:

Latham & Watkins LLP
885 Third Avenue
New York, New York 10022
Facsimile No.: (212) 751-4864
Attention: Wesley C. Holmes

If to the Trustee:

The Bank of New York Mellon
101 Barclay Street – Floor 7E
New York, NY 10286
Facsimile No.: (212) 815-5704
Attention: Lawrence J. O'Brien

If to the Canadian Collateral Agent:

BNY Trust Company of Canada
1 York Street, 6th Floor
Toronto, Ontario, M5J 0B6
Canada
Attn: Corporate Trust

If to the U.S. Collateral Agent:

The Bank of New York Mellon
101 Barclay Street, 7 East
New York, New York 10286
Attn: Corporate Trust

The Issuer, any Guarantor, any Obligor or the Trustee, by notice to the others, may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) will be deemed to have been duly given: at the time delivered by hand, if personally delivered; five (5) Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if transmitted by facsimile; and the next Business Day after timely delivery to a courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder will be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Failure to mail a notice or communication to a Holder or any defect in it will not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Issuer mails a notice or communication to Holders, it will mail a copy to the Trustee at the same time.

The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent by unsecured e-mail, pdf, facsimile transmission or other similar unsecured electronic methods, provided, however, that the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Issuer or the Guarantors elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer and the Guarantor agree to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 14.02 *Certificate and Opinion as to Conditions Precedent.*

Upon any request or application by the Issuer to the Trustee to take any action under this Indenture, other than the Officer's Certificate required by Section 4.04(a), such Issuer shall furnish to the Trustee:

(1) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 14.03 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(2) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which must include the statements set forth in Section 14.03 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied; *provided* such opinion need not be given in connection with the initial issuance of Notes hereunder.

Section 14.03 *Statements Required in Certificate or Opinion.*

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture must include:

(1) a statement that the Person making such certificate or opinion has read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied; *provided*, that the issuer of an Opinion of Counsel can rely as to matters of fact on an Officer's Certificate or a certificate of a public official.

Section 14.04 *Rules by Trustee and Agents.*

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 14.05 *No Personal Liability of Directors, Officers, Employees and Stockholders.*

No director, officer, employee, member, incorporator, partner or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or any Guarantor under the Notes, this Indenture, the Note Guarantees or the Security Documents, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note and/or a Note Guarantee waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes and the Note Guarantees.

Section 14.06 *Governing Law and Jurisdiction.*

THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

EACH PARTY IRREVOCABLY AGREES THAT ANY LEGAL SUIT, ACTION OR PROCEEDING ARISING OUT OF OR BASED UPON THIS INDENTURE, THE NOTES, THE NOTE GUARANTEES OR THE TRANSACTIONS CONTEMPLATED HEREBY MAY BE INSTITUTED IN THE FEDERAL COURTS OF THE UNITED STATES OF AMERICA LOCATED IN THE CITY OF NEW YORK OR THE COURTS OF THE STATE OF NEW YORK IN EACH CASE LOCATED IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK, AND IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF SUCH COURTS IN ANY SUCH SUIT, ACTION OR PROCEEDING.

Section 14.07 *No Adverse Interpretation of Other Agreements.*

This Indenture may not be used to interpret any other indenture, loan or debt agreement of an Obligor or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 14.08 *Successors.*

All agreements of the Issuer in this Indenture and the Notes will bind its successors. All agreements of the Trustee in this Indenture will bind its successors. All agreements of each Guarantor in this Indenture will bind its successors, except as otherwise provided in Section 10.06 hereof.

Section 14.09 *Severability.*

In case any provision in this Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 14.10 *Counterpart Originals.*

The parties may sign any number of copies or counterparts of this Indenture. Each signed copy or counterpart will be an original, but all of them together represent the same agreement.

Section 14.11 *Table of Contents, Headings, etc.*

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and will in no way modify or restrict any of the terms or provisions hereof.

Section 14.12 *Judgment Currency.*

(1) If for the purpose of obtaining or enforcing judgment against the Issuer or a Guarantor in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in

this Section 14.12 referred to as the "*Judgment Currency*") an amount due in Canadian or United States dollars under this Indenture, the conversion will be made at the rate of exchange prevailing on the Business Day immediately preceding (i) the date of actual payment of the amount due, in the case of any proceeding in the courts of the Province of Alberta or in the courts of any other jurisdiction that will give effect to such conversion being made on such date, or (ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the date as of which such conversion is made pursuant to this Section 14.12(1) being hereinafter in this Section 14.12 referred to as the "*Judgment Conversion Date*").

(2) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 14.12(1), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual payment of the amount due, Parent will pay such additional amount (and, if applicable, such lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of Canadian dollars or United States dollars, as the case may be, which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date.

(3) Any amount due from the Issuer or a Guarantor, as applicable, under the provisions of Section 14.12(2) will be due as a separate debt and will not be affected by judgment being obtained for any other amounts due under or in respect of this Indenture.

(4) The term "*rate of exchange*" in this Section 14.12 means:

(a) for a conversion of Canadian dollars to the Judgment Currency, the reciprocal of the official noon rate of exchange published by the Bank of Canada for the date in question for the conversion of the Judgment Currency to Canadian dollars;

(b) for a conversion of United States dollars to the Judgment Currency when the Judgment Currency is Canadian dollars, the official noon rate of exchange published by the Bank of Canada for the date in question for the conversion of United States dollars to Canadian dollars;

(c) if a required rate is not so published by the Bank of Canada for any such date, the spot rate quoted by the Trustee at approximately noon (New York time) on that date in accordance with its normal practice for the applicable currency conversion in the wholesale market.

Section 14.13 *Interest Act (Canada).*

For the purposes solely of disclosure under the *Interest Act* (Canada) and without affecting the amount of interest payable on any Notes, whenever interest to be paid hereunder is to be calculated on the basis of a year of 360 days consisting of twelve 30-day months, the yearly rate of interest to which the rate used in such calculation is equivalent during any particular period is the rate so used multiplied by a fraction of which:

(1) the numerator is the product of:

(a) the actual number of days in the calendar year in which such period ends, and

(b) the sum of (A) the product of (x) 30 and (y) the number of complete months elapsed in the relevant period and (B) the number of days elapsed in any incomplete month in the relevant period, and

(2) the denominator is the product of (i) 360 and (ii) the actual number of days in the relevant period.

Section 14.14 *Waiver of Jury Trial.*

EACH OF THE ISSUER, THE GUARANTORS, THE TRUSTEE AND THE NOTES COLLATERAL AGENTS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE

LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS INDENTURE, THE NOTES OR THE TRANSACTION CONTEMPLATED HEREBY.

Section 14.15 *Consent to Jurisdiction and Service of Process.*

The Issuer and the Guarantors domiciled outside the United States will irrevocably appoint Brookfield Asset Management, Brookfield Place, 250 Vesey Street, 15th Floor, New York, NY 10281, as their agent for service of process in any suit, action or proceeding with respect to this Indenture, the Notes, and the Note Guarantees brought in any Federal or state court located in New York City and each of such parties hereby submits to the jurisdiction thereof. Service of process may be made in any manner permitted by applicable law.

Section 14.16 *Force Majeure.*

In no event shall the Trustee or the Notes Collateral Agents be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities or communications services; it being understood that the Trustee and the Notes Collateral Agents shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 14.17 *FATCA.*

In order to comply with Applicable Laws in effect from time to time, the Issuer, the Parent, and the Guarantors agree (i) to provide to the Trustee sufficient information about the Holders or other applicable parties and/or transactions contemplated by this Indenture (including any modification to the terms of such transactions) so the Trustee can determine whether it has tax related obligations under Applicable Law (provided, however, that none of the Issuer, the Parent or any Guarantor shall be required to provide such information to the extent that (x) such information is not reasonably available to them and cannot be obtained by them using commercially reasonable efforts or (y) doing so would or might in their reasonable opinion constitute a breach of any Applicable Law, fiduciary duty or duty of confidentiality) and (ii) that the Trustee shall be entitled to make any withholding or deduction from payments under this Indenture to the extent necessary to comply with Applicable Law for which the Trustee shall not have any liability. The terms of this section shall survive the termination of this Indenture.

[Signatures on following page]

IN WITNESS HEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

ISSUER:

ROCKPOINT GAS STORAGE CANADA LTD.

By: _____

Name: Simon Dupéré
Title: President and Chief Executive Officer

GUARANTORS:

ROCKPOINT GAS STORAGE PARTNERS LP

By: Swan GP LLC,
its general partner

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ACCESS GAS SERVICES (ONTARIO) INC.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ACCESS GAS SERVICES INC.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

AECO GAS STORAGE PARTNERSHIP

By: Rockpoint Gas Storage Canada Ltd.,
its managing partner

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

BIF II CALGAS (DELAWARE) LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

BIF II TRES PALACIOS AGGREGATOR (DELAWARE) LLC

By: _____
Name: Simon Dupéré
Title: President

COASTAL BEND GAS STORAGE, LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ENERSTREAM AGENCY SERVICES INC.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT CANADA GP ULC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE CANADA FINANCE CORP.

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE MANAGEMENT LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE US, LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE US FINANCE CORP.

By:
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT PARTNERS MANAGEMENT US INC.

By:
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GS HOLDINGS I, LP

By: Rockpoint US GP LLC,
its general partner

By:
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT US GP LLC

By:
Name: Simon Dupéré
Title: President and Chief Executive Officer

SALT PLAINS STORAGE, LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

STARKS GAS STORAGE L.L.C.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT MIDSTREAM LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

WILD GOOSE STORAGE, LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

LODI GAS STORAGE, L.L.C.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

THE BANK OF NEW YORK MELLON, as
Trustee and U.S. Notes Collateral Agent

By: _____
Name: Elizabeth Stern
Title: Vice President

BNY TRUST COMPANY OF CANADA, as
Canadian Notes Collateral Agent

By: _____
Name: Elizabeth Stern
Title: Authorized Signing Officer

EXHIBIT A

[Face of Initial Note]

CUSIP/CINS ___

7.000% Senior Secured Note due 2023

No. $

Rockpoint Gas Storage Canada Ltd. promises to pay to or registered assigns, the principal sum of DOLLARS [or such other principal amount as shall be set forth in the Schedule of Exchanges of Interests in the Global Note attached hereto][1] on March 31, 2023.

Interest Payment Dates: March 31 and September 30

Record Dates: March 15 and September 15 (whether or not a business day)

Dated: _____, 20__

ROCKPOINT GAS STORAGE CANADA LTD., as the Issuer

By: _____
Name:
Title:

This is one of the Notes referred to
in the within-mentioned Indenture:

THE BANK OF NEW YORK MELLON, as Trustee

By: _____
Authorized Signatory

[1] Use Language in the Global Notes

[Back of Initial Note]
7.000% Senior Secured Note due 2023

[Insert the Private Placement Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the Global Note Legend, if applicable pursuant to the provisions of the Indenture]

[Insert the OID Legend]

Capitalized terms used herein have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

(1) *INTEREST*. Rockpoint Gas Storage Canada Ltd. (the "*Issuer*"), promises to pay or cause to be paid interest on the principal amount outstanding of this Note at the rate of 7.000% per annum. The Issuer will pay interest semi-annually in arrears on March 31 and September 30 of each year, (each, an "*Interest Payment Date*"). Interest on the Notes will accrue from the most recent date on which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from the date of original issuance; *provided* that, if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided, further,* that the first Interest Payment Date shall be September 30, 2018; *provided* that if the California Public Utilities Commission Approval has not been obtained by September 30, 2019, the interest rate accruing on the Notes will increase beginning on such date to a rate of 7.500% per annum until receipt of the California Public Utilities Commission Approval. On the date that the Note Guarantee of each California Utility Guarantor has become effective and each California Utility Guarantor has granted the security interests in the Collateral to secure the Notes as provided under the terms of the Indenture and the Security Documents, the accrual of such additional interest on the Notes will cease and the interest rate will revert to the original rate. The Issuer will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at a rate that is 1% higher than the then applicable interest rate on the Notes to the extent lawful; it will pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest, if any (without regard to any applicable grace period), at the same rate to the extent lawful.

Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

(2) *METHOD OF PAYMENT*. The Issuer will pay interest on the Notes (except defaulted interest), if any, to the Persons who are registered Holders of Notes at the close of business on the March 15 or September 15 (whether or not a Business Day) immediately preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes will be payable as to principal, premium, if any, and interest, if any, at the office or agency of the Paying Agent and Registrar within the City and State of New York, or, at the option of the Issuer, payment of interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders; *provided* that payment by wire transfer of immediately available funds will be required with respect to principal of, premium, if any, and interest on all Notes the Holders of which will have provided wire transfer instructions to the Paying Agent at least ten (10) Business Days prior to the applicable payment date, subject to surrender in the case of payments of principal and premium at said office or agency. Such payment will be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

(3) *PAYING AGENT AND REGISTRAR*. Initially, The Bank of New York Mellon, the Trustee under the Indenture, will act as Paying Agent and Registrar. The Issuer may change the Paying Agent or Registrar without prior notice to the Holders of the Notes. The Issuer or any of its Subsidiaries may act as Paying Agent or Registrar.

(4) *INDENTURE*. The Issuer issued the Notes under an Indenture, dated as of February 14, 2018 (the "*Indenture*"), by and among Rockpoint Gas Storage Partners LP (the *"Parent"),* the Issuer, the guarantors party thereto, the Notes Collateral Agents and the Trustee. The terms of the Notes include those stated in the Indenture. The Notes are subject to all such terms, and Holders are referred to the Indenture for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. Subject to Sections 2.02, 2.13, 4.09 and 4.12 thereof, the Indenture does not limit the aggregate principal amount of Notes that may be issued thereunder.

(5) *OPTIONAL REDEMPTION.*

(a) At any time prior to March 31, 2020, the Issuer may, at its option, on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes issued under the Indenture, upon not less than ten (10) nor more than sixty (60) days' notice, at a redemption price equal to 107.000% of the principal amount of the Notes to be redeemed, plus accrued and unpaid interest, if any, to (but not including) the date of redemption (subject to the rights of Holders of Notes on the relevant record date to receive interest due on an Interest Payment Date occurring on or prior to the redemption date) with an amount equal to the net cash proceeds of a Public Equity Offering by Parent; *provided* that:

(A) at least 65% of the aggregate principal amount of Notes originally issued under the Indenture (excluding Notes held by the Group) remains outstanding immediately after the occurrence of such redemption (unless all Notes are redeemed substantially concurrently); and

(B) the redemption occurs within one hundred eighty (180) days of the date of the closing of such Public Equity Offering.

(b) At any time prior to March 31, 2020, the Issuer may, at its option, on any one or more occasions redeem all or a part of the Notes, upon not less than ten (10) nor more than sixty (60) days' notice, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed, plus the Applicable Premium as of, and accrued and unpaid interest to (but not including) the date of redemption, subject to the rights of Holders on the relevant record date to receive interest due on an Interest Payment Date occurring on or prior to the redemption date.

(c) Except pursuant to the preceding paragraphs and paragraph (7) below, the Notes will not be redeemable at the Issuer's option prior to March 31, 2020.

(d) On or after March 31, 2020, the Issuer may, at its option, on any one or more occasions redeem all or a part of the Notes, upon not less than ten (10) nor more than sixty (60) days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest on the Notes to be redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on March 31 of the years indicated below, subject to the rights of Holders on the relevant record date to receive interest due on an Interest Payment Date occurring on or prior to the redemption date:

Year	Percentage
2020	107.000%
2021	103.500%
2022 and thereafter	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date. Payment of the redemption price and performance of the Issuer's other obligations with respect to such redemption may be performed by a designee of the Issuer to the extent such designee performs such obligations in the manner,

at the times and otherwise in compliance with the requirements applicable to such redemption as set forth in the Indenture.

(6) *MANDATORY REDEMPTION*. The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(7) *REDEMPTION FOR CHANGES IN WITHHOLDING TAXES*. If, as a result of:

(a) any amendment to, or change in, the laws or treaties (or regulations, protocols or rulings promulgated thereunder) of any Relevant Taxing Jurisdiction which is announced and becomes effective after the date hereof (or, where a jurisdiction in question does not become a Relevant Taxing Jurisdiction until a later date, such later date); or

(b) any amendment to, or change in, the official application, official interpretation, official administration or official assessing practices of the laws, treaties, regulations, protocols or rulings of any Relevant Taxing Jurisdiction which is announced and becomes effective after the date hereof (or, where a jurisdiction in question does not become a Relevant Taxing Jurisdiction until a later date, such later date),

the Issuer or a Guarantor would be obligated to pay, and such obligation cannot be avoided by the Issuer or Guarantor taking reasonable measures available to it, on the next date for any payment and as a result of that amendment or change, Additional Amounts or indemnification payments as described in Section 4.19 of the Indenture with respect to the Relevant Taxing Jurisdiction, then the Issuer may, at its option, redeem all, but not less than all, of the Notes, at any time thereafter, upon not less than ten (10) nor more than sixty (60) days' notice, at a redemption price of 100% of their principal amount, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to the rights of Holders on the relevant record date to receive interest due on an Interest Payment Date occurring on or prior to the redemption date. Prior to the giving of any notice of redemption described in this paragraph, the Issuer will deliver to the Trustee a written opinion of independent legal counsel to such Issuer of recognized standing to the effect that such Issuer or Guarantor has or will become obligated to pay such Additional Amounts or indemnification payments as a result of a change, amendment, official application, official interpretation, official administration or official assessing practices described above.

The Issuer will issue a notice of any optional redemption of the Notes described above in accordance with the provisions of the Indenture described in Section 3.04.

(8) *REPURCHASE AT THE OPTION OF HOLDER*.

(a) If a Change of Control occurs, each Holder will have the right to require the Issuer to repurchase all or any part of that Holder's Notes (equal to $2,000 or an integral multiple of $1,000 in excess thereof) pursuant to Section 4.15 of the Indenture (a "*Change of Control Offer*"). In the Change of Control Offer, the Issuer will offer the Holders a purchase price in cash equal to 101% of the aggregate principal amount of Notes to be repurchased, plus accrued and unpaid interest, if any, on the Notes repurchased to (but not including) the date of purchase, subject to the rights of Holders on the relevant record date to receive interest due on an Interest Payment Date occurring on or prior to the date of purchase. Prior to or within thirty (30) days following any Change of Control, the Issuer will mail a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) Following the occurrence of certain Asset Sales, the Issuer may be required to offer to repurchase the Notes as required by the Indenture.

(9) *NOTICE OF REDEMPTION*. At least ten (10) days but not more than sixty (60) days before a redemption date, the Issuer will mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address, except that redemption notices may be mailed more than sixty (60) days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture pursuant to Articles 8 or

11 thereof. Notes and portions of Notes selected will be in amounts of $2,000 or whole multiples of $1,000 in excess thereof; except that if all of the Notes of a Holder are to be redeemed or purchased, the entire outstanding amount of Notes held by such Holder shall be redeemed or purchased. On or after the redemption dates, interest ceases to accrue on the Notes or portions thereof cancelled for redemption. Any redemption notice may, at the Issuer's discretion, be subject to one or more conditions precedent, and if so conditioned, the redemption date for such Notes may be extended by the Issuer pending achievement (or waiver by the Issuer in its sole discretion) of such conditions precedent.

(10) *DENOMINATIONS, TRANSFER, EXCHANGE*. The Notes are in registered form in denominations of $2,000 and integral multiples of $1,000 in excess thereof. Holders of Additional Notes actually issued will share equally and ratably in the Collateral with the holders of the Notes issued prior thereto. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Issuer may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Issuer need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Issuer need not exchange or register the transfer of any Notes for a period of fifteen (15) days before a selection of Notes to be redeemed or during the period between a record date and the next succeeding Interest Payment Date.

(11) *PERSONS DEEMED OWNERS*. The registered Holder of a Note may be treated as the owner of it for all purposes. Only registered Holders have rights under the Indenture.

(12) *AMENDMENT, SUPPLEMENT AND WAIVER*. Subject to the exceptions set forth in Section 9.02 of the Indenture, the Indenture, the Notes or the Note Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any), voting as a single class, and, subject to Section 6.04 and 6.07 of the Indenture, any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any), voting as a single class. Without the consent of any Holder of Notes, the Indenture, the Notes or the Note Guarantees may be amended or supplemented as set forth in Section 9.01 of the Indenture.

(13) *DEFAULTS AND REMEDIES*. The Notes are subject to the Defaults and Event of Defaults set forth in Section 6.01 of the Indenture. The Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of all the Holders, rescind an acceleration or waive an existing Default or Event of Default and its respective consequences under the Indenture except a continuing Default or Event of Default in the payment of principal of, or premium, if any, or interest, on, the Notes (including in connection with an offer to purchase). The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Indenture pursuant to Section 4.04, and the Issuer is required, upon becoming aware of any Default or Event of Default, to deliver to the Trustee a statement specifying such Default or Event of Default.

(14) *TRUSTEE DEALINGS WITH AN OBLIGOR*. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for an Obligor or its Affiliates, and may otherwise deal with Parent or its Affiliates, as if it were not the Trustee.

(15) *NO RECOURSE AGAINST OTHERS*. No director, officer, employee, member, incorporator, partner or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

(16) *AUTHENTICATION*. This Note will not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(17) *ABBREVIATIONS*. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(18) *CANADIAN SECURITIES MATTERS*. In Canada, unless permitted under securities legislation, the holder of the security must not trade the security before the date that is 4 months and a day after the date Rockpoint Gas Storage Canada Ltd. became a reporting issuer in any province or territory.

(19) [Reserved].

(20) GOVERNING LAW. THE INTERNAL LAW OF THE STATE OF NEW YORK WILL GOVERN AND BE USED TO CONSTRUE THE INDENTURE, THIS NOTE AND THE NOTE GUARANTEES WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

The Issuer will furnish to any Holder upon written request and without charge a copy of the Indenture. Requests may be made to:

Rockpoint Gas Storage Partners LP
400, 607-8th Ave. S.W.
Calgary, Alberta T2P 0A7
Attention: General Counsel
Fax: (866) 208-6397

ASSIGNMENT FORM

To assign this Note, fill in the form below:

(I) or (we) assign and transfer this Note to: _____
Insert assignee's legal name)

_____
(Insert assignee's soc. sec. or tax I.D. no.)

_____

_____

_____

_____
(Print or type assignee's name, address and zip code)

and irrevocably appoint to transfer this Note on the books of the Issuer. The agent may substitute another to act for him.

Date: _____

Your signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Issuer pursuant to Section 4.10 or Section 4.15 of the Indenture, check the appropriate box below:

☐ **Section 4.10**	☐ **Section 4.15**

If you want to elect to have only part of the Note purchased by the Issuer pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

$_____(**$2,000 or integral multiples of $1,000 in excess thereof**)

Date: _____

Your signature: _____
(Sign exactly as your name appears on the face of this Note)

Tax Identification No.: _____

Signature Guarantee*: _____

* Participant in a recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

[TO BE ATTACHED TO GLOBAL NOTES]

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note for an interest in this Global Note have been made.

Date of Exchange	Amount of decrease in Principal Amount at maturity of this Global Note	Amount of increase in Principal Amount at maturity of this Global Note	Principal Amount at maturity of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Custodian

EXHIBIT B

FORM OF CERTIFICATE OF TRANSFER

Rockpoint Gas Storage Canada Ltd.

c/o Rockpoint Gas Storage Partners, LP
400, 607-8th Ave. S.W.
Calgary, Alberta T2P 0A7
Attention: General Counsel

The Bank of New York Mellon
101 Barclay Street – Floor 7E
New York, NY 10286

Attention: Corporate Trust

Re: 7.000% Senior Secured Notes due 2023 issued by Rockpoint Gas Storage Canada Ltd.

Reference is hereby made to the Indenture, dated as of February 14, 2018 (the "*Indenture*"), by and among Rockpoint Gas Storage Partners LP, Rockpoint Gas Storage Canada Ltd (the "*Issuer*"), the guarantors party thereto and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the "*Transferor*") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in [in the amount of][the principal amount of $] in such Note[s] or interests (the "*Transfer*"), to (the "*Transferee*"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. ☐ **Check if Transferee will take delivery of a beneficial interest in the 144A Global Note or a Restricted Definitive Note pursuant to Rule 144A**. The Transfer is being effected pursuant to and in accordance with Rule 144A under the Securities Act of 1933, as amended (the "*Securities Act*") and applicable Canadian securities laws, and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A, and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States and applicable Canadian securities laws. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Restricted Definitive Note and in the Indenture, the Securities Act and applicable Canadian securities laws.

2. ☐ **Check if Transferee will take delivery of a beneficial interest in the Regulation S Global Note or a Restricted Definitive Note pursuant to Regulation S**. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and applicable Canadian securities laws and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the

United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act and applicable Canadian securities laws and (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and applicable Canadian securities laws. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Restricted Definitive Note and in the Indenture, the Securities Act and applicable Canadian securities laws.

3. ☐ **Check and complete if Transferee will take delivery of a beneficial interest in the IAI Global Note or a Restricted Definitive Note pursuant to any provision of the Securities Act other than Rule 144A or Regulation S**. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, any applicable blue sky securities laws of any state of the United States and applicable Canadian securities laws, and accordingly the Transferor hereby further certifies that (check one):

(a) ☐ such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and applicable Canadian securities laws; or

(b) ☐ such Transfer is being effected to Parent or a subsidiary thereof; or

(c) ☐ such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act; or

(d) ☐ such Transfer is being effected to an Institutional Accredited Investor and pursuant to an exemption from the registration requirements of the Securities Act other than Rule 144A, Rule 144, Rule 903 or Rule 904 and applicable Canadian securities laws, and the Transferor hereby further certifies that it has not engaged in any general solicitation within the meaning of Regulation D under the Securities Act and the Transfer complies with the transfer restrictions applicable to beneficial interests in a Restricted Global Note or Restricted Definitive Notes and the requirements of the exemption claimed, which certification is supported by (1) a certificate executed by the Transferee in the form of Exhibit D to the Indenture and (2) if such Transfer is in respect of a principal amount of Notes at the time of transfer of less than $250,000, an Opinion of Counsel provided by the Transferor or the Transferee (a copy of which the Transferor has attached to this certification), to the effect that such Transfer is in compliance with the Securities Act. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the IAI Global Note and/or the Restricted Definitive Notes and in the Indenture, the Securities Act and applicable Canadian securities laws.

4. ☐ **Check if Transferee will take delivery of a beneficial interest in an Unrestricted Global Note or of an Unrestricted Definitive Note**.

(a) ☐ **Check if Transfer is pursuant to Rule 144**. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and applicable Canadian securities laws and in compliance with the transfer restrictions contained in the Indenture, any applicable blue sky securities laws of any state of the United States and applicable Canadian securities laws and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and applicable Canadian securities laws. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) ☐ **Check if Transfer is Pursuant to Regulation S**. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and applicable Canadian securities laws and in compliance with the transfer restrictions contained in the Indenture, any applicable blue sky securities laws of any state of the United States and applicable Canadian securities laws and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in

order to maintain compliance with the Securities Act and applicable Canadian securities laws. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) ☐ **Check if Transfer is Pursuant to Other Exemption**. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and applicable Canadian securities laws and in compliance with the transfer restrictions contained in the Indenture, any applicable blue sky securities laws of any State of the United States and applicable Canadian securities laws and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and applicable Canadian securities laws. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) ☐ a beneficial interest in the:

(i) ☐ 144A Global Note (CUSIP), or

(ii) ☐ Regulation S Global Note (CUSIP), or

(iii) ☐ IAI Global Note (CUSIP); or

(b) ☐ Restricted Definitive Note.

2. After the Transfer the Transferee will hold: [CHECK ONE]

(a) ☐ a beneficial interest in the:

(i) ☐ 144A Global Note (CUSIP), or

(ii) ☐ Regulation S Global Note (CUSIP), or

(iii) ☐ IAI Global Note (CUSIP); or

(iv) ☐ Unrestricted Global Note (CUSIP); or

(b) ☐ a Restricted Definitive Note; or

(c) ☐ an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

EXHIBIT C

FORM OF CERTIFICATE OF EXCHANGE

Rockpoint Gas Storage Canada Ltd.

c/o Rockpoint Gas Storage Partners, LP
400, 607-8th Ave. S.W.
Calgary, Alberta T2P 0A7
Attention: General Counsel

The Bank of New York Mellon
101 Barclay Street – Floor 7E
New York, NY 10286

Attention: Corporate Trust

Re: 7.000% Senior Secured Notes due 2023 issued by Rockpoint Gas Storage Canada Ltd.

(CUSIP)

Reference is hereby made to the Indenture, dated as of February 14, 2018 (the "*Indenture*"), by and among Rockpoint Gas Storage Partners LP (the "*Parent*"), and Rockpoint Gas Storage Canada Ltd. (the "*Issuer*"), the guarantors party thereto and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

, (the "*Owner*") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in [the amount of][the principal amount of $] in such Note[s] or interests (the "*Exchange*"). In connection with the Exchange, the Owner hereby certifies that:

1. **Exchange of Restricted Definitive Notes or Beneficial Interests in a Restricted Global Notes for Unrestricted Definitive Notes or Beneficial Interests in an Unrestricted Global Note**

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to beneficial interest in an Unrestricted Global Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the Securities Act of 1933, as amended (the "*Securities Act*") and applicable Canadian securities laws, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and applicable Canadian securities laws and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States and applicable Canadian securities laws.

(b) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to Unrestricted Definitive Note**. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act and applicable Canadian securities laws, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and applicable Canadian securities laws and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States and applicable Canadian securities laws.

(c) ☐ **Check if Exchange is from Restricted Definitive Note to beneficial interest in an Unrestricted Global Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and applicable Canadian securities laws, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and applicable Canadian securities laws and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States and applicable Canadian securities laws.

(d) ☐ **Check if Exchange is from Restricted Definitive Note to Unrestricted Definitive Note.** In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and applicable Canadian securities laws, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and applicable Canadian securities laws and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States and applicable Canadian securities laws.

2. **Exchange of Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes for Restricted Definitive Notes or Beneficial Interests in Restricted Global Notes**

(a) ☐ **Check if Exchange is from beneficial interest in a Restricted Global Note to Restricted Definitive Note.** In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act and applicable Canadian securities laws.

(b) ☐ **Check if Exchange is from Restricted Definitive Note to beneficial interest in a Restricted Global Note.** In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] ☐ 144A Global Note, ☐ Regulation S Global Note, ☐ IAI Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act and applicable Canadian securities laws, and in compliance with any applicable blue sky securities laws of any state of the United States and applicable Canadian securities laws. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act and applicable Canadian securities laws.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuer.

_____
[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

EXHIBIT D

FORM OF CERTIFICATE FROM
ACQUIRING INSTITUTIONAL ACCREDITED INVESTOR

Rockpoint Gas Storage Canada Ltd.

c/o Rockpoint Gas Storage Partners LP
400, 607-8th Ave. S.W.
Calgary, Alberta T2P 0A7
Attention: General Counsel

The Bank of New York Mellon
101 Barclay Street – Floor 7E
New York, NY 10286

Attention: Corporate Trust

Re: 7.000% Senior Secured Notes due 2023 issued by Rockpoint Gas Storage Canada Ltd..

Reference is hereby made to the Indenture, dated as of February [ ], 2018 (the "*Indenture*"), by and among Rockpoint Gas Storage Partners LP (the "*Parent*"), Rockpoint Gas Storage Canada Ltd. (the "*Issuer*"), the guarantors party thereto and The Bank of New York Mellon, as Trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

In connection with our proposed purchase of [ ] [$ aggregate principal amount of]:

(a) ☐ a beneficial interest in a Global Note, or

(b) ☐ a Definitive Note,

we confirm that:

1. We understand that any subsequent transfer of the Notes or any interest therein is subject to certain restrictions and conditions set forth in the Indenture and the undersigned agrees to be bound by, and not to resell, pledge or otherwise transfer the Notes or any interest therein except in compliance with, such restrictions and conditions, the Securities Act of 1933, as amended (the "*Securities Act*") and applicable Canadian securities laws.

2. We understand that the offer and sale of the Notes have not been registered under the Securities Act or qualified by a prospectus pursuant to applicable Canadian securities laws, and that the Notes and any interest therein may not be offered or sold except as permitted in the following sentence. We agree, on our own behalf and on behalf of any accounts for which we are acting as hereinafter stated, that if we should sell the Notes or any interest therein, we will do so only (A) to Parent or any subsidiary thereof, (B) in accordance with Rule 144A under the Securities Act to a "qualified institutional buyer" (as defined therein), (C) to an institutional "accredited investor" (as defined below) that, prior to such transfer, furnishes (or has furnished on its behalf by a U.S. broker-dealer) to the Registrar and to Parent a signed letter substantially in the form of this letter and, if such transfer is in respect of a principal amount of Notes, at the time of transfer of less than $250,000, an Opinion of Counsel in form reasonably acceptable to Parent to the effect that such transfer is in compliance with the Securities Act, (D) outside the United States in accordance with Rule 904 of Regulation S under the Securities Act, (E) pursuant to the provisions of Rule 144 under the Securities Act or (F) pursuant to an effective registration statement under the Securities Act, and in each case, in accordance with applicable Canadian securities laws, and we further agree to provide to any Person

purchasing the Definitive Note or beneficial interest in a Global Note from us in a transaction meeting the requirements of clauses (A) through (E) of this paragraph a notice advising such purchaser that resales thereof are restricted as stated herein.

3. We understand that, on any proposed resale of the Notes or beneficial interest therein, we will be required to furnish to the Registrar and the Issuer such certifications, legal opinions and other information as the Registrar and the Issuer may reasonably require to confirm that the proposed sale complies with the foregoing restrictions. We further understand that the Notes purchased by us will bear a legend to the foregoing effect.

4. We are an institutional "accredited investor" (as defined in Rule 501(a)(1), (2), (3) or (7) of Regulation D under the Securities Act and in National Instrument 45-106 – *Prospectus Exemptions*) and have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of our investment in the Notes, and we and any accounts for which we are acting are each able to bear the economic risk of our or its investment.

5. We are acquiring the Notes or beneficial interest therein purchased by us for our own account or for one or more accounts (each of which is an institutional "accredited investor") as to each of which we exercise sole investment discretion.

The Registrar and the Issuer is entitled to rely upon this letter and are irrevocably authorized to produce this letter or a copy hereof to any interested party in any administrative or legal proceedings or official inquiry with respect to the matters covered hereby.

[Insert Name of Transferor]

By: _____
Name:
Title:

Dated: _____

EXHIBIT E

[FORM OF SUPPLEMENTAL INDENTURE TO BE DELIVERED BY SUBSEQUENT GUARANTORS]

SUPPLEMENTAL INDENTURE (this "*Supplemental Indenture*"), dated as of , among (the "*Guaranteeing Subsidiary*"), a subsidiary of [ ] (or its permitted successor), a [ ] (the "*Company*"), Rockpoint Gas Storage Canada Ltd. (the "*Issuer*"), The Bank of New York Mellon, as trustee and U.S. Notes Collateral Agent and BNY Trust Company of Canada, as Canadian Notes Collateral Agent under the Indenture referred to below (the "*Trustee*").

W I T N E S S E T H

WHEREAS, the Issuer has heretofore executed and delivered to the Trustee an indenture (the "*Indenture*"), dated as of February 14, 2018 providing for the issuance of $400,000,000 aggregate principal amount of 7.000% Senior Secured Notes due 2023 (the "*Notes*") of Rockpoint Gas Storage Canada Ltd.;

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Issuer's Obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "*Note Guarantee*"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Supplemental Indenture.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Issuer, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. CAPITALIZED TERMS. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. AGREEMENT TO GUARANTEE. The Guaranteeing Subsidiary hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Note Guarantee and in the Indenture including but not limited to Article 10 thereof.

3. NO RECOURSE AGAINST OTHERS. No past, present or future director, officer, employee, member, incorporator, partner or stockholder of the Issuer or any Guarantor, as such, shall have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees or any supplemental indenture for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

4. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SUPPLEMENTAL INDENTURE WITHOUT GIVING EFFECT TO APPLICABLE PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION WOULD BE REQUIRED THEREBY.

5. COUNTERPARTS. The parties may sign any number of copies of this Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

6. EFFECT OF HEADINGS. The Section headings herein are for convenience only and shall not affect the construction hereof.

7. THE TRUSTEE. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary, and the Issuer.

IN WITNESS WHEREOF, the parties hereto have caused this Supplemental Indenture to be duly executed and attested, all as of the date first above written.

Dated:

[GUARANTEEING SUBSIDIARY]

By: _____
Name:
Title:

ROCKPOINT GAS STORAGE CANADA LTD.

By: _____
Name:
Title:

THE BANK OF NEW YORK MELLON, as U.S. Notes Collateral Agent, Trustee

By: _____
Name:
Title:

BNY TRUST COMPANY OF CANADA, as Canadian Notes Collateral Agent

By: _____
Name:
Title:

LAST-OUT PLEDGE AGREEMENT

PLEDGE AGREEMENT dated as of February 14, 2018 (as amended, supplemented or otherwise modified from time to time, this "**Agreement**") between SWAN EQUITY AGGREGATOR LP (together with its successors, the "**Noteholder**") and THE BANK OF NEW YORK MELLON, as U.S. Collateral Agent for and on behalf of the Secured Parties (together with its successors, the "**Collateral Agent**").

W I T N E S S E T H :

WHEREAS, the Noteholder is the holder of that certain promissory note dated December 22, 2016 issued by Rockpoint Gas Storage Partners LP (formerly known as Niska Gas Storage Partners L.P.) in an original principal amount of $100,000,000 (the "**Promissory Note**");

WHEREAS, Rockpoint Gas Storage Canada Ltd. (the "**Issuer**") has entered into that certain Indenture dated as of the date hereof with THE BANK OF NEW YORK MELLON, as trustee (the "**Trustee**") and U.S. collateral agent, BNY Trust Company of Canada, as Canadian Collateral Agent, and the Guarantors party thereto (as may be amended, amended and restated, supplemented, modified or changed from time to time, the "**Indenture**") and issued $400,000,000 in aggregate principal amount of the 7.000% Senior Secured Notes due 2023 (the "**Notes**") thereunder;

WHEREAS, in connection with the issuance of the Notes and the guarantee thereof, the Noteholder has agreed to grant to the Collateral Agent, for the benefit of the Secured Parties, a security interest in the Collateral (as herein defined) as continuing collateral security for the Obligations of the Issuer and each Guarantor;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. *Definitions*. Terms defined in the Indenture and not otherwise defined herein have, as used herein, the respective meanings provided for therein. The following additional terms, as used herein, have the following respective meanings:

"**Collateral**" has the meaning set forth in Section 3.2(a).

"**Holder**" means a Person in whose name a Note is registered.

"**Secured Parties**" means the Collateral Agent, the Trustee and the Holders.

"**Security Interests**" means the security interests in the Collateral granted hereunder securing the Obligations.

SECTION 2. *Representations and Warranties*. The Noteholder represents and warrants as follows:

(a) The Noteholder owns the Promissory Note, free and clear of any liens other than the Security Interests. The Noteholder is not and will not become a party to or

otherwise bound by any agreement, other than this Agreement, which restricts in any manner the rights of any present or future holder of any of the Promissory Note with respect thereto.

(b) Upon the delivery of the Promissory Note to the Collateral Agent in accordance with Section 4 hereof, the Collateral Agent will have valid and perfected security interests in the Promissory Note under the laws of the State of New York subject to no prior lien. No registration, recordation or filing with any governmental body, agency or official is required in connection with the execution or delivery of this Agreement or necessary for the validity or enforceability hereof or for the perfection or enforcement of the Security Interests. The Noteholder has not performed and will not perform any acts which might prevent the Collateral Agent from enforcing any of the terms and conditions of this Agreement or which would limit the Collateral Agent in any such enforcement.

(c) This Agreement has been duly authorized by the Noteholder, to the extent a party thereto; and on the date hereof, this Agreement will be duly executed and delivered by the Noteholder, to the extent a party thereto, and, when duly executed and delivered in accordance with its terms by each of the parties thereto, will constitute a valid and legally binding agreement of the Noteholder, to the extent a party thereto, enforceable against the Noteholder, to the extent a party thereto, in accordance with its terms, subject to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

SECTION 3. *The Security Interests*. (a) In order to secure the full and punctual payment of the Obligations in accordance with the terms thereof, each Noteholder hereby assigns, pledges and grants to and with the Collateral Agent for the benefit of the Secured Parties a security interest in the Promissory Note, and all of its rights, title and interest with respect to the Promissory Note, and all income and profits thereon, and all interest, principal and other payments and distributions with respect thereto, and all proceeds of the foregoing (the "**Collateral**").

(b) The Security Interests are granted as security only and shall not subject any Secured Party to, or transfer or in any way affect or modify, any obligation or liability of a Noteholder with respect to any of the Collateral or any transaction in connection therewith.

SECTION 4. *Delivery of Promissory Note*. The Promissory Note shall be delivered to the Collateral Agent by the relevant Noteholder pursuant hereto indorsed to the order of the Collateral Agent or in blank by an effective indorsement pursuant to Article 8 of the Uniform Commercial Code as in effect in the State of New York.

SECTION 5. *Further Assurances*. The Noteholder agrees that it will, at its expense and in such manner and form as the Collateral Agent may require, execute, deliver, file and record any financing statement, specific assignment or other paper and take any other action that may be necessary or that the Collateral Agent may reasonably request, in order to create, preserve, perfect or validate any Security Interest or to enable the Collateral Agent to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, each Noteholder hereby authorizes the Collateral Agent to execute and file, in the name of such Noteholder or otherwise, Uniform Commercial Code financing statements and *Personal Property Security Act* (Ontario) financing statements (which may be carbon,

photographic, photostatic or other reproductions of this Agreement or of a financing statement relating to this Agreement) or other notices, filings, instruments or documents which the Collateral Agent may deem necessary or appropriate to further perfect the Security Interests; *provided*, *however*, that the Collateral Agent shall have no obligation to make any such filings.

SECTION 6. *Right to Receive Distributions on Collateral*. The Collateral Agent shall have the right to receive, upon the occurrence and during the continuance of any default under the Promissory Note, and to retain as Collateral hereunder all interest and other payments and distributions made upon or with respect to the Collateral and each Noteholder shall take all such action as the Collateral Agent may deem necessary or appropriate to give effect to such right. All such interest and other payments and distributions which are received by any Noteholder shall be received in trust for the benefit of the Secured Parties and be paid over to the Collateral Agent as Collateral in the same form as received (with any necessary endorsements).

SECTION 7. *Covenants With Respect To Collateral*. Without the prior written consent of the Collateral Agent, the Promissory Note shall not be amended or modified.

SECTION 8. *General Authority*. The Noteholder hereby irrevocably appoints the Collateral Agent and its agents and designees as its true and lawful attorney, with full power of substitution, in the name of such Noteholder or any of its agents or designees, any Secured Party or otherwise, for the sole use and benefit of the Secured Parties, but at such Noteholder's expense, to the extent permitted by law to exercise, at any time and from time to time while an Event of Default has occurred and is continuing, all of any of the following powers with respect to all or any of the Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof,

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto,

(c) to sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof, as fully and effectually as if the Collateral Agent were the absolute owner thereof,

(d) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto;

provided, that the Collateral Agent shall give the Noteholder prior notice of the time and place of any sale or other intended disposition of any of the Collateral as may be required by applicable law except any Collateral which threatens to decline speedily in value or is of a type customarily sold on a recognized market. The Collateral Agent and the Noteholder agree that ten days' prior notice of such disposition constitutes "reasonable notification" within the meaning of section 9-504(3) of the Uniform Commercial Code.

SECTION 9. *Remedies upon Event of Default*. If any Event of Default shall have occurred and is continuing, the Collateral Agent may exercise all rights of a secured party under applicable law and under the Uniform Commercial Code (whether or not in effect in the

jurisdiction where such rights are exercised) and, in addition, the Collateral Agent may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, (i) apply the cash, if any, then held by it as Collateral as specified in Section 12 and (ii) if there shall be no such cash or if such cash shall be insufficient to pay all the Obligations in full, sell the Collateral or any part thereof at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery, and at such price or prices as the Collateral Agent may deem satisfactory. Any Noteholder of the Promissory Note may be the purchaser of any or all of the Collateral so sold. The Noteholder will execute and deliver such documents and take such other action as the Collateral Agent deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale the Collateral Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold absolutely and free from any claim or right of whatsoever kind. The notice (if any) of such sale required by Section 8 shall (1) in the case of a public sale, state the time and place fixed for such sale, (2) in the case of a sale at a broker's board or on a securities exchange, state the board or exchange at which such sale is to be made and the day on which the Collateral, or the portion thereof so being sold, will first be offered for sale at such board or exchange and (3) in the case of a private sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix in the notice of such sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may determine. The Collateral Agent shall not be obligated to make any such sale pursuant to any such notice. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In the case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the selling price is paid by the purchaser thereof, but the Collateral Agent shall not incur any liability in the case of the failure of such purchaser to take up and pay for the Collateral so sold and, in the case of any such failure, such Collateral may again be sold upon like notice. The Collateral Agent, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interest and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

SECTION 10. *Expenses; Indemnity*.

(a) The Noteholder agrees that it will forthwith upon demand pay to the Collateral Agent the amount of any and all out-of-pocket expenses, including the fees and disbursements of counsel and of any other experts, which the Collateral Agent may incur in connection with (i) the enforcement of this Agreement, including such expenses as are incurred to preserve the value of the Collateral and the validity, perfection, rank and value of any Security Interest, (ii) the collection, sale or other disposition of any of the Collateral, or (iii) the exercise by the Collateral Agent of any of the rights conferred upon it hereunder.

(b) The Noteholder hereby agrees that it will indemnify the Collateral Agent and each other Secured Party from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement to the extent required by Section 7.06 and 12.13 of the Indenture.

SECTION 11. *Limitation on Duty of Agent in Respect of Collateral*. Beyond the exercise of reasonable care in the custody thereof, the Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any agent or bailee selected by the Collateral Agent in good faith.

SECTION 12. *Application of Proceeds*. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall apply the proceeds of any sale of, or other realization upon, all or any part of the Collateral in accordance with Section 6.10 of the Indenture.

SECTION 13. *Concerning the Collateral Agent.*

(a) The Collateral Agent is authorized to take all such action as is provided to be taken by the Collateral Agent hereunder and all other action reasonably incidental thereto. As to any matters not expressly provided for herein (including, without limitation, the timing and methods of realization upon the Collateral), the Collateral Agent may act or refrain from acting in accordance with its reasonable discretion.

(b) The Collateral Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Security Interests in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder. The Collateral Agent shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Agreement by the Noteholder.

(c) The rights, duties and privileges of the Collateral Agent set forth in Article 12 of the Indenture are incorporated by reference herein. The Collateral Agent will not be required to take any action under this Agreement without written direction from the Holders of a majority of the aggregate outstanding principal amount of the Notes.

SECTION 14. *Termination of Security Interests; Release of Collateral*. Upon the repayment in full of all Obligations, the Security Interests shall terminate and all rights to the Collateral shall revert to the relevant Noteholder. At any time and from time to time prior to such termination of the Security Interests, the Collateral Agent may release any of the Collateral in accordance with the terms of the Indenture. Upon any such termination of the Security Interests or release of Collateral, the Collateral Agent will, at the expense and request of the Noteholder, execute and deliver to the Noteholder such documents as the Noteholder shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be.

SECTION 15. *Notices*. All notices, communications and distributions hereunder shall be given at the address set forth below:

In the case of the Noteholder:

Swan Equity Aggregator LP
c/o Brookfield Infrastructure Group Bermuda Limited
73 Front Street
Hamilton HM 12
Bermuda

In the case of the Collateral Agent:

The Bank of New York Mellon, as Collateral Agent
101 Barclay Street, 7 East
New York, New York 10286
Attention: Corporate Trust

SECTION 16. *Waivers, Non-Exclusive Remedies*. The Noteholder agrees to the maximum extent permitted by applicable law that following the occurrence and during the continuance of an Event of Default it will not at any time plead, claim or take the benefit of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force in order to prevent or delay the enforcement of this Agreement, or the absolute sale of the whole or any part of the Collateral or the possession thereof by any purchaser at any sale hereunder, and each Noteholder waives the benefit of all such laws to the extent it lawfully may do so. The Noteholder agrees that it will not interfere with any right, power and remedy of the Collateral Agent provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Collateral Agent of any one or more of such rights, powers or remedies. No failure on the part of the Collateral Agent to exercise, and no delay in exercising and no course of dealing with respect to, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Agent of any right under this Agreement or other Note Document preclude any other or further exercise thereof or the exercise of any other right. The rights in this Agreement and the other Note Documents are cumulative and are not exclusive of any other remedies provided by law.

SECTION 17. *Successors and Assigns*. This Agreement is for the benefit of the Collateral Agent, its successors and assigns, and in the event of an assignment of all or any of the Obligations, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Agreement shall be binding on the Noteholder and its respective successors and permitted assigns; *provided*, that the Noteholder may not assign or delegate its rights, duties or obligation hereunder without the prior written consent of the Collateral Agent.

SECTION 18. *Changes in Writing.* Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only in writing signed by the Noteholder and the Collateral Agent.

SECTION 19. *Governing Law*. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, EXCEPT AS OTHERWISE REQUIRED BY MANDATORY

PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT REMEDIES PROVIDED BY THE LAWS OF ANY JURISDICTION OTHER THAN NEW YORK ARE GOVERNED BY THE LAWS OF SUCH JURISDICTION.

Each party irrevocably agrees that any legal suit, action or proceeding arising out of or based upon this Indenture or the transactions contemplated hereby may be instituted in the federal courts of the United States of America located in the City of New York or the courts of the State of New York in each case located in the Borough of Manhattan in the City of New York, and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding.

EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY.

SECTION 20. *Severability*. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Collateral Agent and the Noteholder in order to carry out the intentions of the parties hereto as nearly as may be possible; and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

SECTION 21. *Reinstatement*. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Noteholder for liquidation or reorganization, should such Noteholder become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of such Noteholder's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

SECTION 22. *Counterparts*. This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one and the same agreement.

SECTION 23. *Transferability*. Notwithstanding any provision contained in the Promissory Note, the Noteholder and the issuer of the Promissory Note hereby acknowledge and agree that any transfer, pledge and/or encumbrance of the Noteholder's interest in the Promissory Note in favor of the Collateral Agent is permitted and effective thereunder.

SECTION 24. *Intercreditor Agreement Governs.* Reference is made to the Intercreditor Agreement dated as of February 14, 2018 (as amended, restated, supplemented or

otherwise modified from time to time, the "**Intercreditor Agreement**"), among Royal Bank of Canada, as ABL Agent (as defined therein), The Bank of New York Mellon, as Term Debt Representative (as defined therein), BNY Trust Company of Canada, as Term Debt Representative, Swan Equity Sub-Aggregator LP and Swan GP LLC, as Parent Affiliates (as defined therein), Rockpoint Gas Storage Partners LP and AECO Gas Storage Partnership, as Borrowers (as defined therein), the Issuer and each other party from time to time party thereto. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties are subject to the provisions of the Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the Intercreditor Agreement and this Agreement, the provisions of the Intercreditor Agreement shall control.

SECTION 25. *Limited Recourse; No Recourse Against Directors, Officers, Etc.* Notwithstanding any provision of this Agreement, the right of recourse of the Collateral Agent against the Noteholder, their officers, directors, employees, shareholders or investors shall be limited to the Collateral. Accordingly, other than to proceed against the Collateral, the Collateral Agent shall have no claim or recourse against any Noteholder in respect of any amount which is or remains unsatisfied after application of funds representing the proceeds of realization on the Collateral as provided herein, and any unsatisfied obligations shall be extinguished.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SWAN EQUITY AGGREGATOR LP
By its General Partner: Swan Holdings GP (Canada) Inc.

By:_____
Name: James Rickert
Title: Senior Vice President

NOTES PLEDGE AGREEMENT

PLEDGE AGREEMENT dated as of February 14, 2018 (as amended, supplemented or otherwise modified from time to time, this "**Agreement**") among SWAN FINANCE LP, SWAN DEBT LP and BIP BIF II SWAN AIV LP (together with their respective successors, collectively, the "**Noteholders**") and THE BANK OF NEW YORK MELLON, as U.S. Collateral Agent for and on behalf of the Secured Parties (together with its successors, the "**Collateral Agent**").

W I T N E S S E T H :

WHEREAS, Swan Finance LP is the holder of that certain promissory note dated September 30, 2016 issued by Rockpoint Gas Storage Partners LP (formerly known as Niska Gas Storage Partners L.P.) in an original principal amount of $49,303,537.78 (the "**Parent Promissory Note**");

WHEREAS, Swan Debt LP and BIP BIF II Swan AIV LP are holders of that certain promissory note dated September 30, 2016 issued by Rockpoint Gas Storage Canada Ltd. (formerly known as Niska Gas Storage Ltd.) (the "**Issuer**") and Rockpoint Gas Storage Canada Finance Corp. (formerly known as Niska Gas Storage Canada Finance Corp.) in an original principal amount of $355,774,000 (the "**CanCo Promissory Note**" and together with the Parent Promissory Note, the "**Promissory Notes**");

WHEREAS, the Issuer has entered into that certain Indenture dated as of the date hereof with THE BANK OF NEW YORK MELLON, as trustee (the "**Trustee**") and U.S. collateral agent, BNY Trust Company of Canada, as Canadian Collateral Agent, and the Guarantors party thereto (as may be amended, amended and restated, supplemented, modified or changed from time to time, the "**Indenture**") and issued $400,000,000 in aggregate principal amount of the 7.000% Senior Secured Notes due 2023 (the "**Notes**") thereunder;

WHEREAS, Rockpoint Gas Storage Partners LP and Rockpoint Gas Storage Canada Finance Corp. have guaranteed the payment and performance of the Issuer's obligations under the Indenture and the Notes;

WHEREAS, in connection with the issuance of the Notes and the guarantee thereof, each Noteholder has agreed to grant to the Collateral Agent, for the benefit of the Secured Parties, a security interest in the Collateral (as herein defined) as continuing collateral security for the Obligations of the Issuer and each Guarantor;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. *Definitions*. Terms defined in the Indenture and not otherwise defined herein have, as used herein, the respective meanings provided for therein. The following additional terms, as used herein, have the following respective meanings:

"**Collateral**" has the meaning set forth in Section 3.2(a).

"**Holder**" means a Person in whose name a Note is registered.

"**Secured Parties**" means the Collateral Agent, the Trustee and the Holders.

"**Security Interests**" means the security interests in the Collateral granted hereunder securing the Obligations.

SECTION 2. *Representations and Warranties*. Each Noteholder represents and warrants as follows:

(a) Each Noteholder owns the Promissory Note to which it is a party, free and clear of any liens other than the Security Interests. Each Noteholder is not and will not become a party to or otherwise bound by any agreement, other than this Agreement, which restricts in any manner the rights of any present or future holder of any of the Promissory Notes with respect thereto.

(b) Upon the delivery of the Promissory Notes to the Collateral Agent in accordance with Section 4 hereof, the Collateral Agent will have valid and perfected security interests in the Promissory Notes under the laws of the State of New York subject to no prior lien. No registration, recordation or filing with any governmental body, agency or official is required in connection with the execution or delivery of this Agreement or necessary for the validity or enforceability hereof or for the perfection or enforcement of the Security Interests. Each Noteholder has not performed and will not perform any acts which might prevent the Collateral Agent from enforcing any of the terms and conditions of this Agreement or which would limit the Collateral Agent in any such enforcement.

(c) This Agreement has been duly authorized by each Noteholder, to the extent a party thereto; and on the date hereof, this Agreement will be duly executed and delivered by each Noteholder, to the extent a party thereto, and, when duly executed and delivered in accordance with its terms by each of the parties thereto, will constitute a valid and legally binding agreement of each Noteholder, to the extent a party thereto, enforceable against each Noteholder, to the extent a party thereto, in accordance with its terms, subject to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

SECTION 3. *The Security Interests*. (a) In order to secure the full and punctual payment of the Obligations in accordance with the terms thereof, each Noteholder hereby assigns, pledges and grants to and with the Collateral Agent for the benefit of the Secured Parties a security interest in the Promissory Notes, and all of its rights, title and interest with respect to the Promissory Notes, and all income and profits thereon, and all interest, principal and other payments and distributions with respect thereto, and all proceeds of the foregoing (the "**Collateral**").

(b) The Security Interests are granted as security only and shall not subject any Secured Party to, or transfer or in any way affect or modify, any obligation or liability of a Noteholder with respect to any of the Collateral or any transaction in connection therewith.

SECTION 4. *Delivery of Promissory Notes*. Each Promissory Note shall be delivered to the Collateral Agent by the relevant Noteholders pursuant hereto indorsed to the order of the Collateral Agent or in blank by an effective indorsement pursuant to Article 8 of the Uniform Commercial Code as in effect in the State of New York.

SECTION 5. *Further Assurances*. Each Noteholder agrees that it will, at its expense and in such manner and form as the Collateral Agent may require, execute, deliver, file and record any financing statement, specific assignment or other paper and take any other action that may be necessary or that the Collateral Agent may reasonably request, in order to create, preserve, perfect or validate any Security Interest or to enable the Collateral Agent to exercise and enforce its rights hereunder with respect to any of the Collateral. To the extent permitted by applicable law, each Noteholder hereby authorizes the Collateral Agent to execute and file, in the name of such Noteholder or otherwise, Uniform Commercial Code financing statements and *Personal Property Security Act* (Ontario) financing statements (which may be carbon, photographic, photostatic or other reproductions of this Agreement or of a financing statement relating to this Agreement) or other notices, filings, instruments or documents which the Collateral Agent may deem necessary or appropriate to further perfect the Security Interests; *provided*, *however*, that the Collateral Agent shall have no obligation to make any such filings.

SECTION 6. *Right to Receive Distributions on Collateral*. The Collateral Agent shall have the right to receive, upon the occurrence and during the continuance of any Event of Default, to retain as Collateral hereunder all interest and other payments and distributions made upon or with respect to the Collateral and each Noteholder shall take all such action as the Collateral Agent may deem necessary or appropriate to give effect to such right. All such interest and other payments and distributions which are received by any Noteholder shall be received in trust for the benefit of the Secured Parties and be paid over to the Collateral Agent as Collateral in the same form as received (with any necessary endorsements).

SECTION 7. *Covenants With Respect To Collateral*. Without the prior written consent of the Collateral Agent, the Promissory Notes shall not be amended or modified.

SECTION 8. *General Authority*. Each Noteholder hereby irrevocably appoints the Collateral Agent and its agents and designees as its true and lawful attorney, with full power of substitution, in the name of such Noteholder or any of its agents or designees, any Secured Party or otherwise, for the sole use and benefit of the Secured Parties, but at such Noteholder's expense, to the extent permitted by law to exercise, at any time and from time to time while an Event of Default has occurred and is continuing, all of any of the following powers with respect to all or any of the Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due thereon or by virtue thereof,

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto,

(c) to sell, transfer, assign or otherwise deal in or with the same or the proceeds thereof, as fully and effectually as if the Collateral Agent were the absolute owner thereof,

(d) to extend the time of payment of any or all thereof and to make any allowance and other adjustments with reference thereto;

provided, that the Collateral Agent shall give the Noteholders prior notice of the time and place of any sale or other intended disposition of any of the Collateral as may be required by applicable law except any Collateral which threatens to decline speedily in value or is of a type customarily sold on a recognized market. The Collateral Agent and the Noteholders agree that ten days' prior notice of such disposition constitutes "reasonable notification" within the meaning of section 9-504(3) of the Uniform Commercial Code.

SECTION 9. *Remedies upon Event of Default*. If any Event of Default shall have occurred and is continuing, the Collateral Agent may exercise all rights of a secured party under applicable law and under the Uniform Commercial Code (whether or not in effect in the jurisdiction where such rights are exercised) and, in addition, the Collateral Agent may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, (i) apply the cash, if any, then held by it as Collateral as specified in Section 12 and (ii) if there shall be no such cash or if such cash shall be insufficient to pay all the Obligations in full, sell the Collateral or any part thereof at public or private sale or at any broker's board or on any securities exchange, for cash, upon credit or for future delivery, and at such price or prices as the Collateral Agent may deem satisfactory. Any Noteholder of the Promissory Notes may be the purchaser of any or all of the Collateral so sold. The Noteholders will execute and deliver such documents and take such other action as the Collateral Agent deems necessary or advisable in order that any such sale may be made in compliance with law. Upon any such sale the Collateral Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold absolutely and free from any claim or right of whatsoever kind. The notice (if any) of such sale required by Section 8 shall (1) in the case of a public sale, state the time and place fixed for such sale, (2) in the case of a sale at a broker's board or on a securities exchange, state the board or exchange at which such sale is to be made and the day on which the Collateral, or the portion thereof so being sold, will first be offered for sale at such board or exchange and (3) in the case of a private sale shall be held at such time or times within ordinary business hours and at such place or places as the Collateral Agent may fix in the notice of such sale. At any such sale the Collateral may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent may determine. The Collateral Agent shall not be obligated to make any such sale pursuant to any such notice. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In the case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent until the selling price is paid by the purchaser thereof, but the Collateral Agent shall not incur any liability in the case of the failure of such purchaser to take up and pay for the Collateral so sold and, in the case of any such failure, such Collateral may again be sold upon like notice. The Collateral Agent, instead of exercising the power of sale herein conferred upon it, may proceed by a suit or suits at law or in equity to foreclose the Security Interest and sell the Collateral, or any portion thereof, under a judgment or decree of a court or courts of competent jurisdiction.

SECTION 10. *Expenses; Indemnity*.

(a) Each Noteholder agrees that it will forthwith upon demand pay to the Collateral Agent the amount of any and all out-of-pocket expenses, including the fees and disbursements of counsel and of any other experts, which the Collateral Agent may incur in connection with (i) the enforcement of this Agreement, including such expenses as are incurred to preserve the value of the Collateral and the validity, perfection, rank and value of any Security Interest, (ii) the collection, sale or other disposition of any of the Collateral or (iii) the exercise by the Collateral Agent of any of the rights conferred upon it hereunder.

(b) Each Noteholder hereby agrees that it will indemnify the Collateral Agent and each other Secured Party from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement to the extent required by Section 7.06 and 12.13 of the Indenture.

SECTION 11. *Limitation on Duty of Agent in Respect of Collateral*. Beyond the exercise of reasonable care in the custody thereof, the Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any agent or bailee selected by the Collateral Agent in good faith.

SECTION 12. *Application of Proceeds*. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall apply the proceeds of any sale of, or other realization upon, all or any part of the Collateral in accordance with Section 6.10 of the Indenture.

SECTION 13. *Concerning the Collateral Agent.*

(a) The Collateral Agent is authorized to take all such action as is provided to be taken by the Collateral Agent hereunder and all other action reasonably incidental thereto. As to any matters not expressly provided for herein (including, without limitation, the timing and methods of realization upon the Collateral), the Collateral Agent may act or refrain from acting in accordance with its reasonable discretion.

(b) The Collateral Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Security Interests in any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder. The Collateral Agent shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Agreement by the Noteholders.

(c) The rights, duties and privileges of the Collateral Agent set forth in Article 12 of the Indenture are incorporated by reference herein. The Collateral Agent will not be required to take any action under this Agreement without written direction from the Holders of a majority of the aggregate outstanding principal amount of the Notes.

SECTION 14. *Termination of Security Interests; Release of Collateral*. Upon the repayment in full of all Obligations, the Security Interests shall terminate and all rights to the Collateral shall revert to the relevant Noteholder. At any time and from time to time prior to such termination of the Security Interests, the Collateral Agent may release any of the Collateral in accordance with the terms of the Indenture. Upon any such termination of the Security Interests or release of Collateral, the Collateral Agent will, at the expense and request of the Noteholders, execute and deliver to the Noteholders such documents as the Noteholders shall reasonably request to evidence the termination of the Security Interests or the release of such Collateral, as the case may be.

SECTION 15. *Notices*. All notices, communications and distributions hereunder shall be given at the address set forth below:

In the case of the Noteholders:

181 Bay Street
PO Box 762
Toronto, Ontario
M5J 2T3

In the case of the Collateral Agent:

The Bank of New York Mellon, as Collateral Agent
101 Barclay Street, 7 East
New York, New York 10286
Attention: Corporate Trust

SECTION 16. *Waivers, Non-Exclusive Remedies*. Each Noteholder agrees to the maximum extent permitted by applicable law that following the occurrence and during the continuance of an Event of Default it will not at any time plead, claim or take the benefit of any appraisal, valuation, stay, extension, moratorium or redemption law now or hereafter in force in order to prevent or delay the enforcement of this Agreement, or the absolute sale of the whole or any part of the Collateral or the possession thereof by any purchaser at any sale hereunder, and each Noteholder waives the benefit of all such laws to the extent it lawfully may do so. Each Noteholder agrees that it will not interfere with any right, power and remedy of the Collateral Agent provided for in this Agreement or now or hereafter existing at law or in equity or by statute or otherwise, or the exercise or beginning of the exercise by the Collateral Agent of any one or more of such rights, powers or remedies. No failure on the part of the Collateral Agent to exercise, and no delay in exercising and no course of dealing with respect to, any right under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Agent of any right under this Agreement or other Note Document preclude any other or further exercise thereof or the exercise of any other right. The rights in this Agreement and the other Note Documents are cumulative and are not exclusive of any other remedies provided by law.

SECTION 17. *Successors and Assigns*. This Agreement is for the benefit of the Collateral Agent, its successors and assigns, and in the event of an assignment of all or any of the Obligations, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be

transferred with such indebtedness. This Agreement shall be binding on the Noteholders and their respective successors and permitted assigns; provided, that the Noteholders may not assign or delegate their rights, duties or obligation hereunder without the prior written consent of the Collateral Agent.

SECTION 18. *Changes in Writing.* Neither this Agreement nor any provision hereof may be changed, waived, discharged or terminated orally, but only in writing signed by the Noteholders and the Collateral Agent.

SECTION 19. *Governing Law*. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, EXCEPT AS OTHERWISE REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT REMEDIES PROVIDED BY THE LAWS OF ANY JURISDICTION OTHER THAN NEW YORK ARE GOVERNED BY THE LAWS OF SUCH JURISDICTION.

Each party irrevocably agrees that any legal suit, action or proceeding arising out of or based upon this Indenture or the transactions contemplated hereby may be instituted in the federal courts of the United States of America located in the City of New York or the courts of the State of New York in each case located in the Borough of Manhattan in the City of New York, and irrevocably submits to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding.

EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY.

SECTION 20. *Severability*. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, (i) the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Collateral Agent and the Noteholders in order to carry out the intentions of the parties hereto as nearly as may be possible; and (ii) the invalidity or unenforceability of any provision hereof in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

SECTION 21. *Reinstatement*. This Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against any Noteholder for liquidation or reorganization, should such Noteholder become insolvent or make an assignment for the benefit of creditors or should a receiver or trustee be appointed for all or any significant part of such Noteholder's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference", "fraudulent conveyance", or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

SECTION 22. *Counterparts*. This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one and the same agreement.

SECTION 23. *Transferability*. Notwithstanding any provision contained in the Promissory Notes, each Noteholder and the issuers of the Promissory Notes hereby acknowledge and agree that the Transfer (as such term is defined in each Promissory Note) of the Noteholders interest in the Promissory Note to which it is a party is permitted and effective thereunder.

SECTION 24. *Intercreditor Agreement Governs.* Reference is made to the Intercreditor Agreement dated as of February 14, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), among Royal Bank of Canada, as ABL Agent (as defined therein), The Bank of New York Mellon, as Term Debt Representative (as defined therein), BNY Trust Company of Canada, as Term Debt Representative, Swan Equity Sub-Aggregator LP and Swan GP LLC, as Parent Affiliates (as defined therein), Rockpoint Gas Storage Partners LP and AECO Gas Storage Partnership, as Borrowers (as defined therein), the Issuer and each other party from time to time party thereto. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties are subject to the provisions of the Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the Intercreditor Agreement and this Agreement, the provisions of the Intercreditor Agreement shall control.

SECTION 25. *Limited Recourse; No Recourse Against Directors, Officers, Etc.* Notwithstanding any provision of this Agreement, the right of recourse of the Collateral Agent against the Noteholders, their officers, directors, employees, shareholders or investors shall be limited to the Collateral. Accordingly, other than to proceed against the Collateral, the Collateral Agent shall have no claim or recourse against any Noteholder in respect of any amount which is or remains unsatisfied after application of funds representing the proceeds of realization on the Collateral as provided herein, and any unsatisfied obligations shall be extinguished.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SWAN DEBT LP
By its General Partner: Brookfield Infrastructure Group Bermuda Limited

By:_____
Name: Jane Sheere
Title: Secretary

BIP BIF II SWAN AIV LP
By its General Partner: Swan Holdings GP (Canada) Inc.

By:_____
Name: James Rickert
Title: Senior Vice President

SWAN FINANCE LP
By its General Partner: Swan Holdings GP (Canada) Inc.

By:_____
Name: James Rickert
Title: Senior Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SWAN DEBT LP
By its General Partner: Brookfield Infrastructure Group Bermuda Limited

By:_____
Name: Jane Sheere
Title: Secretary

BIP BIF II SWAN AIV LP
By its General Partner: Swan Holdings GP (Canada) Inc.

By:_____
Name: James Rickert
Title: Senior Vice President

SWAN FINANCE LP
By its General Partner: Swan Holdings GP (Canada) Inc.

By:_____
Name: James Rickert
Title: Senior Vice President

The pledge of the Collateral to the Collateral Agent is hereby acknowledged and agreed:

ROCKPOINT GAS STORAGE PARTNERS LP
By its General Partner: SWAN GP LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE CANADA LTD.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE CANADA FINANCE CORP.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

NOTES PLEDGE AGREEMENT (U.S.)

THIS PLEDGE AGREEMENT (this "Agreement") is made as of February 14, 2018, by ROCKPOINT GAS STORAGE CANADA LTD., an Alberta corporation (the "Issuer"), the other parties listed on the signature pages hereof and the Additional Grantors (as hereinafter defined) (the Issuer, the other parties listed on the signature pages hereof and the Additional Grantors are herein collectively called "Grantors" and each individually, a "Grantor"), in favor of The Bank of New York Mellon, as U.S. collateral agent (in such capacity, the "Collateral Agent") for the benefit of the Holders (as hereinafter defined).

RECITALS:

WHEREAS, the Issuer, the Guarantors party thereto, THE BANK OF NEW YORK MELLON, as trustee (the "Trustee"), the Collateral Agent and BNY TRUST COMPANY OF CANADA, as Canadian collateral agent, have entered into an Indenture dated as of even date herewith (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Indenture");

WHEREAS, pursuant to the Indenture, the Issuer issued $400,000,000 aggregate principal amount of the 7.000% Senior Secured Notes due 2023 (the "Notes"), upon the terms and subject to the provisions of the Indenture and the Notes;

WHEREAS, the Issuer is a member of an affiliated group of companies that includes each Grantor;

WHEREAS, each Grantor has directly and indirectly benefited and will directly and indirectly benefit from the transactions evidenced by and contemplated in the Indenture and the other Note Documents;

WHEREAS, in consideration for the issuance of the Notes under the Indenture, each Grantor has agreed to grant to the Collateral Agent, for the benefit of the Secured Parties (as hereinafter defined), a security interest in the Collateral as defined herein; and

NOW, THEREFORE, in consideration of the premises, each Grantor hereby agrees with the Collateral Agent, for the benefit of the Secured Parties, as follows:

ARTICLE I

Definitions and References

Section 1.1. General Definitions. As used herein, the following terms shall have the following meanings:

"ABL Pledge Agreement" means the ABL Pledge Agreement made as of December 22, 2016, by Niska Gas Storage Partners L.P., each other signatory thereto, and the Additional Grantors (as defined therein), in favor of Royal Bank of Canada, as collateral agent for the benefit of the Secured Parties (as defined in the Credit Agreement).

"Additional Grantor" has the meaning given to such term in Section 5.2.

"Agreement" has the meaning set forth in the introductory paragraph of this Agreement.

"Collateral" has the meaning given to such term in Section 2.1.

"Collateral Agent" has the meaning set forth in the introductory paragraph of this Agreement.

"Company" means a LLC, ULC, Partnership or Corporation in respect of which Company Rights are granted by a Grantor to the Collateral Agent pursuant to this Agreement.

"Company Agreements" and "Company Rights to Payments" have the respective meanings given them in Section 2.1(a)(iv).

"Company Rights" has the meaning given it Section 2.1(a).

"Corporation" means any corporation which is included within the term "Corporation" pursuant to Section 2.1(a)(iii), and any successor of any such corporation which is also a corporation.

"Excluded Collateral" means (a) any Company Rights representing in excess of 66% of the Company Rights, including distributions and dividends thereon and any other interests in any Person, of any CFC; (b) interests in Tres Palacios Holdings LLC and BIF II Tres Palacios Storage (Delaware) LLC; (c) any other property constituting "Excluded Collateral" under the Notes Security Agreement that would otherwise be deemed to be Collateral hereunder; and (d) proceeds and products from any and all of the foregoing excluded items in clauses (a) through (c), unless such proceeds or products would otherwise constitute Collateral; provided, however, that Excluded Collateral will not include any asset of the Grantors that secures obligations with respect to the Indenture.

"Grantors" has the meaning set forth in the introductory paragraph of this Agreement.

"Holder" means a Person in whose name a Note is registered.

"Indenture" has the meaning set forth in the recitals of this Agreement.

"Intercreditor Agreement" has the meaning given to such term in Section 5.17.

"Issuer" has the meaning set forth in the recitals of this Agreement.

"LLC" means any limited liability company which is included within the term "LLC" pursuant to Section 2.1(a)(i), and any successor of any such limited liability company which is also a limited liability company.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties or financial condition of the Issuer and the Guarantors, taken as a whole; (b) a material impairment of the rights and remedies of any

Trustee or any Holder under any Note Document; (c) a material impairment of the ability of the Issuer and the Guarantors, taken as a whole, to perform their obligations under the Note Documents; or (d) a material adverse effect upon the legality, validity, binding effect or enforceability against any Secured Parties of any Note Documents to which it is a party.

"Notes" has the meaning set forth in the recitals of this Agreement.

"Notes Security Agreement" means a Security Agreement, dated as of the date hereof, executed and delivered by the Grantors party thereto in favor of the Collateral Agent, for the benefit of the Secured Parties.

"Organization Documents" means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-US jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

"Other Company Rights" has the meaning given it in Section 2.1(a)(v).

"Other Liable Party" means any Person, other than Grantors, who may now or may at any time hereafter be primarily or secondarily liable for any of the Obligations or who may now or may at any time hereafter have granted to the Collateral Agent or any other Secured Party a Lien upon any property as security for the Obligations.

"Partnership" means any general or limited partnership which is included within the term "Partnerships" pursuant to Section 2.1 (a)(ii), and any successor of any such partnership which is also a partnership.

"Pledge Agreement Supplement" has the meaning given it in Section 5.2.

"Pledged Shares" has the meaning given it in Section 2.1(a)(iii).

"Pledged ULC Shares" means the Pledged Shares which are shares of stock of a ULC.

"Secured Parties" means the Collateral Agent, the Trustee and the Holders.

"Trustee" has the meaning set forth in the recitals of this Agreement.

"UCC" means the Uniform Commercial Code as in effect in the State of New York, as amended from time to time.

"ULC" means any unlimited company or unlimited liability corporation (sometimes referred to as an "unlimited liability company") which is included within the term "ULC"

pursuant to Section 2.1(a)(iii), and any successor to any such unlimited company or unlimited liability corporation which is also an unlimited company or unlimited liability corporation, as the case may be.

"Wholly Owned Subsidiary" means any Subsidiary of a person, all of the issued and outstanding stock, membership interests, partnership interests or other equity interests of which (including all rights or options to acquire such stock or interests) are directly or indirectly (through one or more Subsidiaries) owned by such person.

Section 1.2. Incorporation of Other Definitions. Reference is hereby made to the Indenture for a statement of the terms thereof. All capitalized terms used in this Agreement which are defined in the Indenture and not otherwise defined herein shall have the same meanings herein as set forth therein. All terms used in this Agreement which are defined in the UCC and not otherwise defined herein or in the Indenture shall have the same meanings herein as set forth therein (and if defined in more than one Article of the UCC, such terms shall have the meanings given in Article 9 thereof), except where the context otherwise requires. The parties intend that the terms used herein which are defined in the UCC have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the UCC shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the UCC in effect on the date hereof, then such term, as used herein, shall be given such broadened meaning.

Section 1.3. Attachments. All exhibits or schedules which may be attached to this Agreement are a part hereof for all purposes.

Section 1.4. Other Interpretive Provisions. Unless otherwise specified herein:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in any other Note Document), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used herein, shall be construed to refer this Agreement in its entirety and not to any particular provision thereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

ARTICLE II

Security Interest

Section 2.1. Grant of Security Interest. Each Grantor hereby pledges, collaterally assigns and grants to the Collateral Agent a continuing security interest, for the benefit of the Secured Parties, in and to all of such Grantor's right, title and interest in and to all of the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations, whether now existing or hereafter incurred or arising (collectively, the "Collateral"):

(a) Company Rights. All of the following (herein collectively called the "Company Rights"), whether now or hereafter existing, which are owned by such Grantor or in which such Grantor otherwise has any rights:

(i) all interests in any limited liability company and all proceeds, interest, profits, and other payments or rights to payment attributable to Grantor's interests in any limited liability company (whether one or more, herein called the "LLCs"), including without limitation those described in Exhibit A hereto;

(ii) all interests in general or limited partnerships (including general partnership interests and limited partnership interests) and all proceeds, interest, profits, and other payments or rights to payment attributable to Grantor's interests in any limited or general partnership (whether one or more, herein called the "Partnerships"), including without limitation those described in Exhibit A hereto;

(iii) all shares of stock and other equity of corporations or any unlimited company or unlimited liability corporation (sometimes referred to as an "unlimited liability company") (including common shares or preferred shares) and all proceeds, interest, profits, and other payments or rights to payment attributable to Grantor's interests in any corporation or unlimited company or unlimited liability corporation (whether one or more, herein called the "Corporations" or the "ULCs", respectively), including without limitation those described in Exhibit A hereto, all certificates representing any such shares, all options and other rights, contractual or otherwise, at any time existing with respect to such shares, and all dividends, cash, instruments and other property now or hereafter received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares (any and all such shares, certificates, options,

rights, dividends, cash, instruments and other property being herein called the "Pledged Shares");

(iv) all distributions, dividends, cash, instruments and other property now or hereafter received, receivable or otherwise made with respect to or in exchange for any interest of Grantor in any Company, including any proceeds, interest, profits, right to payment, interim distributions, returns of capital, loan repayments, and payments made in liquidation of any Company, and whether or not the same arise or are payable under any Organization Document, any agreement or certificate forming any Company or any other agreement governing any Company or the relations among the members, partners, shareholders, stockholders or other equity holders of any Company (any and all such proceeds, interest, profits, payments, right to payment, distributions, dividends, cash, instruments, other property, interim distributions, returns of capital, loan repayments, and payments made in liquidation being herein called the "Company Rights to Payments", and any and all such Organization Documents, agreements, certificates, and other agreements being herein called the "Company Agreements"); and

(v) all other interests and rights of Grantor in any Company, whether under the Company Agreements or otherwise, including without limitation any right to cause the dissolution of any Company or to appoint or nominate a successor to Grantor as a member, partner, shareholder, stockholder or other equity holder in any Company (all such other interests and rights being herein called the "Other Company Rights").

(b) All proceeds of any and all of the foregoing Collateral and, to the extent not otherwise included, all payments under insurance (whether or not the Collateral Agent is the loss payee thereof) or under any indemnity, warranty or guaranty by reason of loss to or otherwise with respect to any of the foregoing Collateral;

provided, notwithstanding anything to the contrary contained in clauses (a) and (b) above, the security interest created by this Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Collateral.

In each case, the foregoing property shall be covered by this Agreement, whether such Grantor's ownership or other rights therein are presently held or hereafter acquired and howsoever such Grantor's interests therein may arise or appear (whether by ownership, security interest, claim or otherwise).

The granting of the foregoing security interest does not make the Collateral Agent or any Secured Party a successor to such Grantor as a member or shareholder of any LLC or ULC or as a partner of any Partnership or a stockholder or shareholder of any Corporation, and neither the Collateral Agent, any Secured Party nor any of their respective successors or assigns hereunder shall be deemed to have become a member or shareholder of any LLC or ULC, have become a partner of any Partnership or have become a stockholder or shareholder of any Corporation by accepting this Agreement or exercising any right granted herein unless and until such time, if any, when the Collateral Agent or any such successor or assign expressly becomes a member or shareholder of any LLC or ULC, becomes a partner of any Partnership or becomes a stockholder or shareholder of any Corporation after a foreclosure upon Other Company Rights.

Notwithstanding anything herein to the contrary (except to the extent, if any, that the Collateral Agent or any of its successors or assigns hereafter expressly becomes a member or shareholder of any LLC or ULC, a partner of any Partnership or a stockholder or shareholder of any Corporation), neither the Collateral Agent nor any Secured Party nor any of their respective successors or permitted assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any Company or of any Grantor to any Company or under any Company Agreement, and the above definition of "Other Company Rights" shall be deemed modified, if necessary, to prevent any such assumption or other liability.

Each Grantor hereby acknowledges that the Obligations are owed to the various Secured Parties and that each Secured Party is entitled to the benefits of the Liens given under this Agreement, provided, however, only the Collateral Agent and its permitted successors, transferees, assigns and co-agents under Sections 4.12 and 5.7 shall be entitled to exercise any remedies relating to the Liens given under this Agreement.

ARTICLE III

Representations, Warranties and Covenants

Section 3.1. Representations and Warranties. Each Grantor hereby represents and warrants to the Collateral Agent and each other Secured Party as follows:

(a) INTENTIONALLY OMITTED.

(b) Security Interest. Such Grantor has and will have at all times full right, power and authority to grant a security interest in its Collateral to the Collateral Agent for the benefit of the Secured Parties as provided herein, free and clear of any Lien, other than Liens permitted under Section 4.12 of the Indenture. This Agreement creates a valid and binding first priority security interest, subject to the Intercreditor Agreement and any Lien permitted under Section 4.12 of the Indenture, in favor of the Collateral Agent, for the benefit of the Secured Parties, in each Grantor's Collateral, which security interest secures all of its Obligations.

(c) Perfection. To the extent that the taking of possession can be effective under the UCC to perfect the security interest created hereunder in any Collateral, the taking possession by the Collateral Agent of all certificates, instruments and cash constituting Collateral from time to time (with any necessary endorsements or appropriate stock powers or instruments of transfer duly executed in blank) and the filing of financing statements or other registrations of pledge with the Secretary of State (or equivalent governmental official or personal property registry) of the State or Province in which such Grantor is organized (or where such Grantor is located in respect of Grantors which are located in Canada), will perfect, and, except with respect to any Collateral subject to any Lien permitted under Section 4.12 of the Indenture and subject to the terms of the Intercreditor Agreement, establish the first priority of the Collateral Agent's security interest hereunder in the Collateral securing the Obligations.

(d) Company Rights. All units, shares, interests and other securities constituting Company Rights of any Company that is a Wholly Owned Subsidiary of a Grantor and, to the Grantor's knowledge, of any Company (other than any Company that is a Wholly Owned

Subsidiary of a Grantor) have been duly authorized and validly issued, are fully paid and (other than with respect to general partnership interests or Pledged ULC Shares and, with respect to limited partnership interests or limited liability company membership interests to the extent such non-assessability may be affected by Section 17-607 of the Delaware Revised Uniform Limited Partnership Act or Section 18-607 of the Delaware Limited Liability Company Act) non-assessable, in each case, to the extent applicable, and were not issued in violation of the preemptive rights of any person or of any agreement by which Grantor or any Company is bound. As of the date hereof, no restrictions or conditions exist with respect to the transfer, voting or capital of any Company Rights except as disclosed on Schedule 3.1 hereto. Grantor has delivered to the Collateral Agent all certificates and instruments evidencing Company Rights, accompanied where applicable by instruments of transfer or assignment duly executed in blank, in each case, to the extent required by the terms hereof. To each Grantor's knowledge, as of the date hereof, Company has no outstanding stock or share rights, rights to subscribe, options, warrants or convertible securities outstanding or any other rights outstanding whereby any person would be entitled to have issued to it units of ownership interest, stock, share, partnership, membership or other equity interests in any Company. Except with respect to Pledged Shares, neither any Grantor nor any Company has elected the application of Article 8 of the UCC to apply to any Company or any Company Rights, and Article 8 of the UCC is thus not applicable to any Company, except with respect to any Corporation. Grantor owns the interests in each Company which are described on Exhibit A as of the date hereof.

Section 3.2. Covenants. Unless the Collateral Agent shall otherwise consent in writing, each Grantor will at all times comply with the covenants contained in the Indenture that are applicable to such Grantor for so long as any Notes or other amounts due and owing under the Indenture are outstanding and, in addition, each Grantor hereby covenants to the Collateral Agent and each other Secured Party as follows, in each case subject to the requirements of the Intercreditor Agreement:

(a) Company Rights. Except as permitted by the Indenture, Grantor will maintain its ownership of the interests in each Company listed on Exhibit A. Grantor will timely honor all calls under any Company Agreement to provide capital to any Company, and Grantor will not otherwise default in performing any of Grantor's material obligations under any Company Agreement, other than, in each case, where such default could not reasonably be expected to have a Material Adverse Effect or result in an Event of Default.

(b) Delivery of Certificates. All instruments and certificates and true and correct copies of all other writings evidencing the Company Rights as of the date hereof, if any, shall be delivered to the Collateral Agent on or prior to the execution and delivery of this Agreement, together with a true and correct copy of each Company Agreement and all amendments and supplements thereto. All other certificates and instruments and true and correct copies of all writings hereafter evidencing or constituting Company Rights with a value in excess of $1,000,000, if any, and copies of all material amendments or supplements to any Company Agreement (whether or not authorized hereunder), shall be delivered to the Collateral Agent promptly upon the receipt thereof by or on behalf of any Grantor. All such certificates and instruments shall be held by or on behalf of the Collateral Agent pursuant hereto and shall be delivered in suitable form for transfer by delivery with any necessary endorsement or shall be accompanied by fully executed instruments of transfer or assignment in blank, all in form and

substance reasonably satisfactory to the Collateral Agent. To the extent that any of the Company Rights (whether now owned or hereafter acquired) are not evidenced by a certificate, instrument or other writing, the Grantor will use commercially reasonable efforts to take all actions required to perfect the security interest created hereunder under applicable New York Law and in accordance with the Indenture.

(c) Proceeds of Collateral. If such Grantor shall receive, by virtue of its being or having been an owner of any Company Rights, any certificate, instrument, deed, promissory note, or other similar instrument or writing with a value in excess of $1,000,000 (including any certificate representing a stock dividend or distribution or any given in connection with any increase or reduction of capital, reorganization, reclassification, merger, consolidation, sale of assets, liquidation, or partial liquidation, combination of shares, stock or share split, spinoff or split-off), such Grantor shall, subject to the terms of the Intercreditor Agreement, (i) receive the same in trust for the benefit of the Collateral Agent, (ii) segregate the same from such Grantor's other property, and (iii) along with any necessary endorsement or appropriate stock powers or instruments of transfer duly executed in blank: (1) with respect to any such certificates, instruments or promissory notes, promptly deliver it to the Collateral Agent in the exact form received, to be held by the Collateral Agent as Collateral; and (2) with respect to any such deeds or other similar writings, use its commercially reasonable best efforts to deliver it to the Collateral Agent in the exact form received, to be held by the Collateral Agent as Collateral. Upon the occurrence and during the continuance of an Event of Default and after written notice by the Trustee (acting at the written direction of the Holders of at least 25% of the aggregate outstanding principal amount of the Notes), if such Grantor shall receive, by virtue of its being or having been an owner of any Company Rights, any (A) option or right, whether as an addition to, substitution for, or in exchange for, any Company Rights, or otherwise; (B) dividends or distributions payable in cash (except such dividends or distributions permitted to be retained by such Grantor pursuant to Section 4.9 hereof) or in securities or other property; or (C) dividends or other distributions in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid in surplus, such Grantor shall receive the same in trust for the benefit of the Collateral Agent, shall segregate it from such Grantor's property, and shall promptly deliver it to the Collateral Agent, in the exact form received, with any necessary endorsements or appropriate stock powers or instruments of transfer duly executed in blank, to be held by the Collateral Agent as Collateral.

(d) Diminution of Company Rights. Each Grantor will not permit the issuance of any additional shares of any class of capital stock or any other interests of any Company (unless (i) promptly upon such creation or issuance the same are pledged and delivered to the Collateral Agent pursuant to the terms hereof to the extent necessary to give the Collateral Agent, subject to the terms of the Intercreditor Agreement, a first priority security interest in total Company Rights after such creation or (ii) or otherwise permitted by the Indenture), whether such additional interests are presently vested or will vest upon the payment of money or the occurrence or nonoccurrence of any other condition.

(e) Status of Company Rights. The Grantors shall use commercially reasonable efforts to cause the Company Rights of the Grantors to at all times be duly authorized, validly issued, fully paid and (other than with respect to general partnership interests or Pledged ULC Shares and, with respect to limited partnership interests or limited liability company membership

interests to the extent such non-assessability may be affected by Section 17-607 of the Delaware Revised Uniform Limited Partnership Act or Section 18-607 of the Delaware Limited Liability Company Act) non-assessable, in each case, to the extent applicable, and shall not be issued in violation of the pre-emptive rights of any Person or of any agreement by which Grantor or any Company is bound, in each case, except where such violation could not be reasonably expected to have a Material Adverse Effect. Notwithstanding anything herein to the contrary, the granting of a security interest by Wild Goose Storage, LLC and Lodi Gas Storage, L.L.C. pursuant to this Agreement shall be ineffective to the extent such grant requires a consent not obtained from the California Public Utility Commission pursuant to any Law; *provided* that immediately upon such consent being obtained, this Agreement shall become effective and the security interest granted herein shall immediately become enforceable without further action.

ARTICLE IV

Remedies, Powers and Authorizations

Section 4.1. Provisions Concerning the Collateral.

(a) Authorization to File Financing Statements; Additional Filings. Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file, without the signature of such Grantor, in any jurisdiction any amendments to existing financing statements and any initial financing statements and amendments thereto that (i) indicate the Collateral (1) in a manner substantially consistent with the provisions of Section 2.1 hereof, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, or (2) as being of an equal or lesser scope or with greater detail; (ii) contain any other information required by Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including the address of such Grantor, whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor; and (iii) are necessary to properly effectuate the transactions described in this Agreement, as determined by the Collateral Agent in its reasonable discretion. Each Grantor agrees to furnish any such information to the Collateral Agent promptly upon its reasonable request. Each Grantor hereby further authorizes the Collateral Agent to file one or more continuation statements to such financing statements. Each Grantor further agrees that, where permitted by applicable Law, a carbon, photographic, electronic or other reproduction of this Agreement or any financing statement describing any Collateral is sufficient as a financing statement and may be filed in any jurisdiction by the Collateral Agent. Notwithstanding the foregoing, the Collateral Agent shall have no obligation to make any filings of the type referenced in this clause.

(b) Power of Attorney. Each Grantor hereby irrevocably appoints the Collateral Agent as such Grantor's attorney-in-fact and proxy, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, in the Collateral Agent's discretion at any time that an Event of Default shall have occurred and is continuing, subject to the terms of the Intercreditor Agreement, to take any action, and to execute or endorse any instrument, certificate or notice, which the Collateral Agent (acting at the written direction of the Holders of at least 25% of the aggregate outstanding principal amount of the Notes) may deem necessary or advisable to accomplish the purposes of this Agreement, including any action or instrument:

(i) to request or instruct each Company (and each registrar, transfer agent, or similar Person acting on behalf of each Company) to register the pledge or transfer of the Collateral to the Collateral Agent or any of its successors or permitted assigns; (ii) to otherwise give notification to any Company, registrar, transfer agent, financial intermediary, or other Person of the Collateral Agent's security interests in the Collateral hereunder; (iii) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of its Collateral; (iv) to receive, indorse and collect any drafts or other instruments or documents included in the Collateral; (v) to enforce any obligations included in its Collateral; and (vi) to file any claims or take any action or institute any proceedings which the Collateral Agent (acting at the written direction of the Holders of at least 25% of the aggregate outstanding principal amount of the Notes) may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce, perfect, or establish the priority of the rights of such Grantor or the Collateral Agent with respect to any of the Collateral. Each Grantor hereby acknowledges that such power of attorney and proxy are coupled with an interest, are irrevocable, and are to be used by the Collateral Agent for the sole benefit of the Secured Parties.

(c) Performance by the Collateral Agent. If any Grantor fails to perform any agreement or obligation contained herein, the Collateral Agent may itself perform, or cause the performance of, such agreement or obligation, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor to the extent required by Section 12.13 of the Indenture; provided, however, that unless an Event of Default has occurred and is continuing, the Collateral Agent shall not perform or cause the performance of such agreement or obligation without first making demand therefor to the applicable Grantor and such Grantor failing to promptly comply with such demand.

(d) Collection Rights. The Collateral Agent shall have the right at any time, upon the occurrence and during the continuance of an Event of Default, to notify, or to require any Grantor to notify, any or all Persons (including any Company) obligated to make payments which are included among its Collateral (whether accounts, general intangibles, dividends, distribution rights, Company Rights to Payment, or otherwise) of the assignment thereof to the Collateral Agent under this Agreement and to direct such obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to the Collateral Agent and, upon such notification and at the expense of such Grantor and to the extent permitted by Law, to enforce collection thereof and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor could have done. After any Grantor receives notice that the Collateral Agent has given, or after the Collateral Agent has required any Grantor to give, any notice referred to above in this subsection, and so long as any Event of Default shall be continuing:

(i) all amounts and proceeds (including instruments and writings) received by such Grantor in respect of such rights to payment, accounts, general intangibles, dividends, distribution rights or Company Rights to Payments shall be received in trust for the benefit of the Collateral Agent hereunder, shall be segregated from other funds of such Grantor and, upon notice from the Collateral Agent of the exercise of remedies (acting at the written direction of the Holders of at least 25% of the aggregate outstanding principal amount of the Notes), shall be forthwith paid over to the Collateral Agent in the

same form as so received (with any necessary endorsement) to be applied as specified in Section 4.3, and

(ii) such Grantor will not adjust, settle or compromise the amount or payment of any such account or general intangible, Company Rights to Payments or release wholly or partly any account debtor or obligor thereof (including any Company) or allow any credit or discount thereon.

Section 4.2. Event of Default Remedies. If an Event of Default shall have occurred and be continuing, the Collateral Agent may from time to time in its reasonable discretion (acting at the written direction of the Holders of at least 25% of the aggregate outstanding principal amount of the Notes), without limitation and without notice except as expressly provided below, in each case subject to the terms of the Indenture:

(a) exercise in respect of the Collateral, in addition to any other rights and remedies provided for herein, under the other Note Documents or otherwise available to it at Law, in equity or under any statute or other agreement, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral);

(b) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of the Collateral Agent, promptly assemble all books, records and information of such Grantor relating to the Collateral at a place to be designated by the Collateral Agent;

(c) reduce its claim to judgment or foreclose or otherwise enforce, in whole or in part, the security interest created hereby by any available judicial procedure;

(d) dispose of, at its office, on the premises of the respective Grantor or elsewhere, all or any part of the Collateral, as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale of any part of the Collateral shall not exhaust the Collateral Agent's power of sale, but sales may be made from time to time, and at any time, until all of the Collateral has been sold or until the Obligations have been paid and performed in full), and at any such sale it shall not be necessary to exhibit any of the Collateral;

(e) buy (or allow one or more of the Secured Parties to buy) the Collateral, or any part thereof, at any public sale;

(f) buy (or allow one or more of the Secured Parties to buy) the Collateral, or any part thereof, at any private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations;

(g) apply by appropriate judicial proceedings for appointment of a receiver for the Collateral, or any part thereof; and

(h) at its discretion, retain the Collateral in satisfaction of the Obligations whenever the circumstances are such that the Collateral Agent is entitled to do so under the UCC or otherwise (provided that the Collateral Agent shall in no circumstances be deemed to have retained the Collateral in satisfaction of the Obligations in the absence of an express notice by

the Collateral Agent to such Grantor that the Collateral Agent has either done so or intends to do so).

Each Grantor agrees that, to the extent notice of sale shall be required by Law and in the case of any Pledged ULC Shares whether or not required by law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

Section 4.3. Application of Proceeds. Subject to the terms of the Intercreditor Agreement, if any Event of Default shall have occurred and be continuing, the Collateral Agent may in its discretion apply any cash held by the Collateral Agent as Collateral, and any cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral, as provided in Section 6.10 of the Indenture.

Section 4.4. Deficiency. In the event that the proceeds of any sale, collection or realization of or upon Collateral by the Collateral Agent are insufficient to pay all Obligations and any other amounts to which the Collateral Agent is legally entitled, all Grantors shall be jointly and severally liable for the deficiency, together with interest thereon, subject to, and as provided in, the governing Note Documents, or (if no interest is so provided) at such other rate as shall be fixed by applicable Law, together with the costs of collection and the fees of any legal counsel employed by the Collateral Agent or any other Secured Party to collect such deficiency.

Section 4.5. Indemnity and Expenses. Each Grantor hereby agrees that it will (a) indemnify the Collateral Agent and each other Secured Party from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement to the extent required by Sections 7.06 and 12.13 of the Indenture and (b) pay to the Collateral Agent the amount of any and all costs and expenses required to be paid by Section 12.13 of the Indenture.

Section 4.6. Non-Judicial Remedies. In granting to the Collateral Agent the power to enforce its rights hereunder without prior judicial process or judicial hearing, each Grantor expressly waives, renounces and knowingly relinquishes any legal right which might otherwise require the Collateral Agent to enforce its rights by judicial process. In so providing for non-judicial remedies, each Grantor recognizes and concedes that such remedies are consistent with the usage of trade, are responsive to commercial necessity, and are the result of a bargain at arm's length. Nothing herein is intended, however, to prevent the Collateral Agent from resorting to judicial process at its option.

Section 4.7. Other Recourse. Each Grantor waives any right to require the Collateral Agent or any other Secured Party to proceed against any other Person, to exhaust any Collateral or other security for the Obligations, to have any other Grantor or Other Liable Party joined with such Grantor in any suit arising out of the Obligations or this Agreement, or to pursue any other remedy in the Collateral Agent's or such Secured Party's power. Each Grantor further waives any and all notice of acceptance of this Agreement and of the creation, modification,

rearrangement, renewal or extension for any period of any of the Obligations of any Other Liable Party from time to time. Each Grantor further waives any defense arising by reason of any disability or other defense of any other Grantor or any Other Liable Party or by reason of the cessation from any cause whatsoever of the liability of any other Grantor or any Other Liable Party. This Agreement shall continue as to each Grantor irrespective of the fact that the liability of any other Grantor or any Other Liable Party may have ceased and, irrespective of the validity or enforceability of any other Obligations of any Grantor or any Other Liable Party, and notwithstanding any death, incapacity, reorganization, or bankruptcy of any Grantor or any Other Liable Party or any other event or proceeding affecting any Grantor or any Other Liable Party. Until all of the Obligations shall have been paid in full, no Grantor shall have any right to subrogation and each Grantor waives the right to enforce any remedy which the Collateral Agent or any other Secured Party has or may hereafter have against any Grantor or any Other Liable Party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by the Collateral Agent.

Section 4.8. Limitation on Duty of the Collateral Agent in Respect of Collateral. Beyond the exercise of reasonable care in the custody thereof, the Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any agent or bailee selected by the Collateral Agent in good faith. The rights, duties and privileges of the Collateral Agent set forth in Article 12 of the Indenture are incorporated by reference herein.

Section 4.9. Exercise of Company Rights.

(a) So long as no Event of Default shall have occurred and be continuing Grantors may receive, retain and use, any and all Company Rights to Payment paid in respect of the Collateral; provided, however, that any and all Company Rights to Payment paid or payable other than in cash with a value in excess of $1,000,000 in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, any Company Rights shall be, and shall promptly be delivered to the Collateral Agent to hold as, Company Rights and shall, if received by any Grantor, be received in trust for the benefit of the Collateral Agent, be segregated from the other property or funds of such Grantor, and be promptly delivered to the Collateral Agent in the exact form received with any necessary endorsement, to be held by the Collateral Agent as Collateral.

(b) So long as no Event of Default shall have occurred and be continuing, Grantors may exercise any and all voting rights pertaining to the Company Rights and Other Company Rights for any purpose not inconsistent with the terms of this Agreement.

(c) Upon the occurrence and during the continuance of an Event of Default and upon notice from the Collateral Agent of its intent to exercise remedies:

(i) all rights of each Grantor to receive and retain the Company Rights to Payment which it would otherwise be authorized to receive and retain pursuant to subsection (a) of this section shall automatically cease, and all such rights shall thereupon become vested in the Collateral Agent which shall thereupon have the sole right to receive and hold as Collateral such Company Rights to Payment;

(ii) all rights of each Grantor to exercise any voting rights pertaining to the Company Rights and Other Company Rights pursuant to subsection (b) of this section shall cease upon the Collateral Agent giving such Grantor notice of the Collateral Agent's intention to exercise its rights under this section, and all such rights of such Grantor shall thereupon become vested in the Collateral Agent which shall thereupon have the sole right to exercise any and all voting rights pertaining to the Company Rights and Other Company Rights;

(iii) the Collateral Agent may at its option exercise any and all rights of conversion, exchange, subscription or any other rights, privileges or options pertaining to any of the Company Rights, as if it were the absolute owner thereof, including, without limitation, the right to exchange, in its discretion, any and all of the Company Rights upon the merger, consolidation, reorganization, recapitalization or other adjustment of any Company, or upon the exercise by any Company of any right, privilege or option pertaining to any Company Rights, and, in connection therewith, to deposit and deliver any and all of the Company Rights with any committee, depository, transfer agent, registrar or other designated agent upon such terms and conditions as it may determine and any and all rights to dissolve any Company or to compel distribution of any Company's assets, all without liability except to account for property actually received by the Collateral Agent, but the Collateral Agent shall have no duty to any Grantor to exercise any such right, privilege or option and shall not be responsible for any failure to do so or delay in so doing; and

(iv) all Company Rights to Payments which are received by any Grantor contrary to the provisions of subsection (c)(i) of this section shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor, and shall be forthwith paid over to the Collateral Agent as Company Rights in the exact form received, to be held by the Collateral Agent as Collateral.

(d) Each Grantor hereby authorizes and instructs each Company to (i) comply with any instruction received by it from the Collateral Agent in writing that (A) states that an Event of Default has occurred and is continuing and (B) is otherwise in accordance with the terms of this Agreement, without any other or further instructions from such Grantor, and each Grantor agrees that each Company shall be fully protected in so complying, and (ii) unless otherwise expressly permitted hereby, upon its receipt of instruction from the Collateral Agent in writing (A) stating that an Event of Default has occurred and is continuing and (B) that is otherwise in accordance with the terms of this Agreement, pay any Company Rights to Payments directly to the Collateral Agent.

Section 4.10. Private Sale of Company Rights. Each Grantor recognizes that the Collateral Agent may deem it impracticable to effect a public sale of all or any part of the

Company Rights and that the Collateral Agent may, therefore, determine to make one or more private sales of any such Company Rights to a restricted group of purchasers who will be obligated to agree, among other things, to acquire the same for their own account, for investment and not with a view to the distribution or resale thereof. Each Grantor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sales shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent shall have no obligation to delay sale of any such Company Rights for the period of time necessary to permit their registration for public sale under the Securities Act of 1933, as amended (the "Securities Act") or to qualify the distribution of such Company Rights under Canadian securities Laws, to the extent, if any, that the Securities Act or such Canadian securities Laws would be applicable thereto. Each Grantor further acknowledges and agrees that any offer to sell any Company Rights which has been (a) publicly advertised on a bona fide basis in a newspaper or other publication of general circulation in the financial community of New York, New York (to the extent that such an offer may be so advertised without prior registration under the Securities Act), or (b) made privately in the manner described above to not less than fifteen (15) bona fide offerees shall be deemed to involve a "public disposition" for the purposes of Section 9-610(c) of the UCC (or any successor or similar, applicable statutory provision) as then in effect in the State of New York, notwithstanding that such sale may not constitute a "public offering" under the Securities Act or under Canadian securities Laws, and that the Collateral Agent or any other Secured Party may, in such event, bid for the purchase of such Company Rights.

Section 4.11. Reserved.

Section 4.12. Appointment of the Collateral Agents. At any time or times, in order to comply with any legal requirement in any jurisdiction, the Collateral Agent may appoint any bank or trust company or one or more other Persons, either to act as co-agent or co-agents, jointly with the Collateral Agent, or to act as separate agent or agents on behalf of the Collateral Agent and the other Secured Parties, with such power and authority as may be necessary for the effective operation of the provisions hereof and may be specified in the instrument of appointment. In so doing the Collateral Agent may, in the name and on behalf of any Grantor, give to such co-agent or separate agent indemnities and other protections similar to those provided in this Agreement for the Collateral Agent. The Collateral Agent shall notify Grantors in writing of any such appointment promptly thereafter; provided that, no such notice shall be required if such appointment was made in connection with the Collateral Agent's, or any other Secured Party's exercise of any remedies hereunder or if an Event of Default has occurred and is continuing.

ARTICLE V

Miscellaneous

Section 5.1. Notices. Any notice or communication required or permitted hereunder shall be given, in the case of any Grantor or the Collateral Agent, as provided in the Indenture. Any request by the ABL Collateral Agent under the ABL Pledge Agreement in connection with perfecting or securing any interest in any Collateral, including after-acquired Collateral, shall be

deemed to have also been made by the Collateral Agent under the equivalent provision of this Agreement, if such an equivalent right is provided for hereunder.

Section 5.2. Amendments; Pledge Agreement Supplements. No amendment of any provision of this Agreement shall be effective unless it is in writing and signed by each Grantor and the Collateral Agent, and no waiver of any provision of this Agreement, and no consent to any departure by any Grantor therefrom, shall be effective unless it is in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given and to the extent specified in such writing. In addition, all such amendments and waivers shall be effective only if given with the necessary approvals of Holders as required in the Indenture. Upon the execution and delivery by any Person of a pledge agreement supplement in substantially the form of Exhibit B (each, a "Pledge Agreement Supplement"): (a) such Person shall be referred to as an "Additional Grantor" and shall become and be a Grantor hereunder, and each reference in this Agreement to a "Grantor" shall also mean and be a reference to such Additional Grantor, and each reference in any other Note Document to a "Grantor" or a "Guarantor" shall also mean and be a reference to such Additional Grantor; and (b) each reference herein to "this Agreement," "hereunder," "hereof" or words of like import referring to this Agreement, and each reference in any other Note Document to the "Pledge Agreement," "thereunder," "thereof" or words of like import referring to this Agreement, shall mean and be a reference to this Agreement as supplemented by such Pledge Agreement Supplement.

Section 5.3. Preservation of Rights. No failure on the part of the Collateral Agent or any other Secured Party to exercise, and no delay in exercising, any right hereunder or under any other Note Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. Neither the execution nor the delivery of this Agreement shall in any manner impair or affect any other security for the Obligations. The rights and remedies of the Collateral Agent provided herein or in the other Note Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by Law or otherwise. The rights of the Collateral Agent under any Note Document against any party thereto are not conditional or contingent on any attempt by the Collateral Agent to exercise any of its rights or exhaust any recourse under any other Note Document against such party or against any other Person.

Section 5.4. Unenforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 5.5. Survival of Agreements. All representations and warranties of each Grantor herein, and all covenants and agreements herein shall survive the execution and delivery of this Agreement, the execution and delivery of any other Note Document and the creation of the Obligations.

Section 5.6. Other Liable Parties. Neither this Agreement nor the exercise by the Collateral Agent or any Secured Party or the failure of the Collateral Agent or any Secured Party to exercise any right, power or remedy conferred herein or by Law shall be construed as

relieving any Grantor or any Other Liable Party from liability on the Obligations or any deficiency thereon.

Section 5.7. Binding Effect and Assignment. This Agreement creates a continuing security interest in the Collateral and: (a) shall be binding on each Grantor and its successors and permitted assigns; and (b) shall inure, together with all rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and the other Secured Parties and their respective successors, permitted transferees and permitted assigns. Without limiting the generality of the foregoing, the Collateral Agent and the other Secured Parties may (except as otherwise provided in the Indenture) pledge, assign or otherwise transfer any or all of their respective rights under any or all of the Note Documents to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted herein or otherwise. None of the rights or duties of any Grantor hereunder may be assigned or otherwise transferred without the prior written consent of the Collateral Agent, except in a transaction otherwise permitted by the Indenture.

Section 5.8. Termination. Subject to the terms of the Intercreditor Agreement, upon the redemption of the Notes and the satisfaction in full of other amounts due and owing under the Indenture and the termination or expiration of the Indenture (other than indemnity obligations that survive the termination of this Agreement for which no notice of claims has been received by the Grantors), the Collateral shall be released from the Liens created hereby, and this Agreement shall terminate (other than those provisions expressly stated to survive such termination) and all rights to the Collateral shall revert to the applicable Grantor, all without delivery of any instrument or performance of any act by any party. The Collateral Agent will thereafter, subject to the terms of the Intercreditor Agreement, promptly upon any Grantor's request and at such Grantor's expense, (a) return to such Grantor such of the Collateral in the Collateral Agent's possession as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof, and (b) execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

Section 5.9. Releases. If any of the Collateral shall be sold or otherwise disposed of by any Grantor in a transaction permitted by the Indenture, then the Collateral Agent, at the request and sole expense of such Grantor, shall promptly execute and deliver to such Grantor all releases or other documents reasonably necessary for the release of the Liens created hereby on such Collateral.

Section 5.10. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST CREATED HEREBY HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.**

Section 5.11. Submission to Jurisdiction; Waiver of Venue; Service of Process.

(a) Each party hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New

York County and of the United States District Court of the Southern District of New York sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Note Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Note Document shall affect any right that any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Note Document against any Grantor or its properties in the courts of any jurisdiction.

(b) Each party hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Note Document in any court referred to in paragraph (a) of this Section. Each party hereto hereby agrees that Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York shall apply to the Note Documents and irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto consents to process being served in any action or proceeding of the nature referred to in paragraph (a) of this Section by mailing a copy thereof by registered or certified mail to such party hereto at its address set forth in Section 5.1. Each party hereto agrees that such service of process (i) shall be deemed in every respect effective and binding service of process upon such party hereto in any such action or proceeding and (ii) shall, to the fullest extent permitted by Law, be taken and held to be valid personal service upon and personal delivery to such party hereto. Nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by law or shall limit the right of the parties hereto to bring proceedings against any party hereto in the courts of any other jurisdiction.

Section 5.12. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER NOTE DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTE DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 5.13. Final Agreement. **THIS WRITTEN AGREEMENT AND THE OTHER NOTE DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.**

Section 5.14. Counterparts. This Agreement may be separately executed in any number of counterparts (including by facsimile transmission), all of which when so executed shall be deemed to constitute one and the same Agreement.

Section 5.15. Pledged ULC Shares. Each Grantor acknowledges that certain of the Collateral of such Grantor may now or in the future consist of ULC Shares, and that it is the intention of the Collateral Agent and each Grantor that neither the Collateral Agent nor any other Secured Party should under any circumstances prior to realization thereon be held to be a "member" or a "shareholder", as applicable, of a ULC for the purposes of any ULC Laws. Notwithstanding any provisions to the contrary contained in this Agreement or any other Note Document, any Grantor who is the holder of shares of an unlimited liability corporation or an unlimited company organized under the laws of a province of Canada is the sole registered and beneficial owner of such Pledged ULC Shares and will remain so until such time as any of such Pledged ULC Shares are fully and effectively transferred into the name of the Collateral Agent or any Secured Party or any other person on the books and records of such ULC. Accordingly, each Grantor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, in respect of such Pledged ULC Shares (except for any dividend or distribution comprised of Pledged Securities of such Grantor, which shall be delivered to the Collateral Agent to hold hereunder) and shall have the right to vote such Pledged ULC Shares and to control the direction, management and policies of the applicable ULC to the same extent as such Grantor would if such Pledged ULC Shares were not pledged to the Collateral Agent pursuant hereto. Nothing in this Agreement, the Indenture or any other Note Documents is intended to, and nothing in this Agreement, the Indenture or any other Note Documents shall, constitute the Collateral Agent, any other Secured Party, or any other Person other than the applicable Grantor, a member or shareholder of a ULC for the purposes of any ULC Laws (whether listed or unlisted, registered or beneficial), until such time as notice is given to such Grantor and further steps are taken pursuant hereto or thereto so as to register the Collateral Agent, any other Secured Party, or such other Person, as specified in such notice, as the holder of the Pledged ULC Shares. To the extent any provision hereof would have the effect of constituting the Collateral Agent or any other Secured Party as a member or a shareholder, as applicable, of any ULC prior to such time, such provision shall be severed herefrom and shall be ineffective with respect to Pledged ULC Shares which are Collateral of any Grantor without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral of any Grantor which is not Pledged ULC Shares. Except upon the exercise of rights of the Collateral Agent to sell, transfer or otherwise dispose of Pledged ULC Shares in accordance with this Agreement, each Grantor shall not cause or permit, or enable a ULC in which they hold Pledged ULC Shares to cause or permit, the Collateral Agent or any other Secured Party to: (a) be registered as a shareholder or member of such Issuer of Pledged Shares; (b) have any notation entered in their favor in the share register of such ULC in which they hold Pledged ULC Shares; (c) be held out as shareholders or members of such ULC in which they hold Pledged ULC Shares; (d) receive,

directly or indirectly, any dividends, property or other distributions from such ULC in which they hold Pledged ULC Shares by reason of the Collateral Agent holding the Security Interests over the Pledged ULC Shares; or (e) act as a shareholder of such ULC in which they hold Pledged ULC Shares, or exercise any rights of a shareholder including the right to attend a meeting of shareholders of such ULC in which they hold Pledged ULC Shares or to vote its Pledged ULC Shares.

Section 5.16. Intercreditor Agreement Governs. Reference is made to the Intercreditor Agreement dated as of February 14, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), among ROYAL BANK OF CANADA, as ABL Agent (as defined therein), THE BANK OF NEW YORK MELLON, as Term Debt Representative (as defined therein), BNY TRUST COMPANY OF CANADA, as Term Debt Representative, SWAN EQUITY SUB-AGGREGATOR LP and SWAN GP LLC, as Parent Affiliates (as defined therein), ROCKPOINT GAS STORAGE PARTNERS LP and AECO GAS STORAGE PARTNERSHIP, as Borrowers (as defined therein), the Issuer and each other party from time to time party thereto. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties are subject to the provisions of the Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the Intercreditor Agreement and this Agreement, the provisions of the Intercreditor Agreement shall control.

Section 5.17. Counterparts. This Agreement may be separately executed in any number of counterparts (including by facsimile transmission), all of which when so executed shall be deemed to constitute one and the same Agreement.

(Remainder of Page Intentionally Left Blank; Signature Pages Follow)

IN WITNESS WHEREOF, each Grantor has caused this Agreement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

ROCKPOINT GAS STORAGE CANADA LTD.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE PARTNERS LP

By: Swan GP LLC,
its general partner

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ACCESS GAS SERVICES (ONTARIO) INC.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ACCESS GAS SERVICES INC.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

AECO GAS STORAGE PARTNERSHIP

By: Rockpoint Gas Storage Canada Ltd.,
its managing partner

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

BIF II CALGAS (DELAWARE) LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

BIF II TRES PALACIOS AGGREGATOR (DELAWARE) LLC

By: _____
Name: Simon Dupéré
Title: President

COASTAL BEND GAS STORAGE, LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ENERSTREAM AGENCY SERVICES INC.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT CANADA GP ULC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE CANADA FINANCE CORP.

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE MANAGEMENT LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE US, LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE US FINANCE CORP.

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT PARTNERS MANAGEMENT US INC.

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GS HOLDINGS I, LP

By: Rockpoint US GP LLC,
its general partner

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT US GP LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

SALT PLAINS STORAGE, LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

STARKS GAS STORAGE L.L.C.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT MIDSTREAM LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

WILD GOOSE STORAGE, LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

LODI GAS STORAGE, L.L.C.

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Rockpoint US GP LLC	Rockpoint Gas Storage Partners LP	sole membership interest	N/A
Rockpoint GS Holdings I, LP	Rockpoint Gas Storage Partners LP	limited partnership interest - 99.999%	N/A
Rockpoint Gas Storage Management LLC	Rockpoint Gas Storage Partners LP	sole membership interest	N/A
Rockpoint GS Holdings I, LP	Rockpoint US GP LLC	general partnership interest - 0.001%	N/A
Rockpoint Gas Storage US, LLC	Rockpoint GS Holdings I, LP	sole membership interest	N/A
Rockpoint Gas Storage LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Midstream LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Gas Storage US Finance Corp.	Rockpoint Gas Storage LLC	1000 Common Stock Shares	N/A
Salt Plains Storage, LLC	Rockpoint Gas Storage LLC	sole membership interest	N/A
Rockpoint Partners Management US Inc.	Rockpoint Gas Storage LLC	1000 Common Stock Shares	N/A
Starks Gas Storage L.L.C.	Rockpoint Gas Storage LLC	sole membership interest	N/A
Coastal Bend Gas Storage, LLC	Rockpoint Gas Storage LLC	sole membership interest	N/A
Rockpoint Gas Storage Canada Ltd.	Rockpoint Gas Storage Partners LP	181,328,136 common shares	7
AECO Gas Storage Partnership	Rockpoint Gas Storage Canada Ltd.	partnership interest - 99.999%	N/A

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
AECO Gas Storage Partnership	Rockpoint Canada GP ULC	partnership interest - 0.001%	N/A
Rockpoint Gas Storage Canada Finance Corp.	Rockpoint Gas Storage Canada Ltd.	1,000 Class A Common shares	3AC
Access Gas Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares and 1,000 Preferred Shares	A-7 3-P
Access Gas Services (Ontario) Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	2
EnerStream Agency Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	2
Lodi Gas Storage, L.L.C.	BIF II CalGas (Delaware) LLC	partnership interest - 100%	N/A
Wild Goose Storage, LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Gas Storage Partners LP	Swan Equity Sub-Aggregator LP	partnership interest - 99.999%	N/A
Rockpoint Gas Storage Partners LP	Swan GP LLC	partnership interest - 0.001%	N/A
Rockpoint Canada GP ULC	Rockpoint Gas Storage Canada Ltd.	10,000 common shares	3C

FORM OF PLEDGE AGREEMENT SUPPLEMENT

_____, 20__

The Bank of New York Mellon, as Collateral Agent
[●]

Telephone: [●]
Telecopier: [●]

Re: Indenture dated as of February 14, 2018 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Indenture"), among ROCKPOINT GAS STORAGE CANADA LTD., an Alberta corporation (the "Issuer"), THE BANK OF NEW YORK MELLON, as Trustee and U.S. Collateral Agent (in such capacity, the "U.S. Collateral Agent"), BNY Trust Company of Canada, as Canadian Collateral Agent (the "Canadian Collateral Agent"), and the Guarantors parties thereto.

Ladies and Gentlemen:

Reference is made to the Indenture referred to above and to the Notes Pledge Agreement (U.S.), dated as of February 14, 2018, executed by the Issuer and other Grantors from time to time party thereto in favor of the Collateral Agent, for the benefit of the Secured Parties (as heretofore amended, supplemented, restated or otherwise modified from time to time, the "Original Pledge Agreement"; such Original Pledge Agreement, as in effect on the date hereof and as it may hereafter be amended, supplemented, restated or otherwise modified from time to time, together with this Pledge Agreement Supplement, being the "Pledge Agreement"). The capitalized terms defined in the Pledge Agreement and not otherwise defined herein are used herein as therein defined.

Section 1. Grant of Security Interest. The undersigned (herein called the "Additional Grantor") hereby pledges, collaterally assigns and grants to the Collateral Agent a continuing security interest, for the benefit of the Secured Parties, in and to all of Additional Grantor's right, title and interest in and to all of the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of Additional Grantor's Obligations, whether now existing or hereafter incurred or arising:

(a) Company Rights. All of the following (herein collectively called the "Company Rights"), whether now or hereafter existing, which are owned by Additional Grantor or in which Additional Grantor otherwise has any rights:

(i) all interests in any limited liability company and all proceeds, interest, profits, and other payments or rights to payment attributable to Additional Grantor's interests in any limited liability company (whether one or more, herein called the "LLCs"), including without limitation those described in Exhibit A hereto;

(ii) all interests in general or limited partnerships (including general partnership interests and limited partnership interests) and all proceeds, interest, profits, and other payments or rights to payment attributable to Additional Grantor's interests in any limited or general partnership (whether one or more, herein called the "Partnerships"), including without limitation those described in Exhibit A hereto;

(iii) all shares of stock and other equity of corporations or any unlimited company or unlimited liability corporation (sometimes referred to as an "unlimited liability company") (including common shares or preferred shares) and all proceeds, interest, profits, and other payments or rights to payment attributable to Additional Grantor's interests in any corporation or unlimited company or unlimited liability corporation (whether one or more, herein called the "Corporations" or the "ULCs", respectively), including without limitation those described in Exhibit A hereto, all certificates representing any such shares, all options and other rights, contractual or otherwise, at any time existing with respect to such shares, and all dividends, cash, instruments and other property now or hereafter received, receivable or otherwise distributed in respect of or in exchange for any or all of such shares (any and all such shares, certificates, options, rights, dividends, cash, instruments and other property being herein called the "Pledged Shares");

(iv) all distributions, dividends, cash, instruments and other property now or hereafter received, receivable or otherwise made with respect to or in exchange for any interest of Additional Grantor in any Company, including any proceeds, interest, profits, right to payment, interim distributions, returns of capital, loan repayments, and payments made in liquidation of any Company, and whether or not the same arise or are payable under any Organization Document, any agreement or certificate forming any Company or any other agreement governing any Company or the relations among the members, partners, shareholders, stockholders or other equity holders of any Company (any and all such proceeds, interest, profits, payments, rights to payment, distributions, dividends, cash, instruments, other property, interim distributions, returns of capital, loan repayments, and payments made in liquidation being herein called the "Company Rights to Payments", and any and all such Organization Documents, agreements, certificates, and other agreements being herein called the "Company Agreements"); and

(v) all other interests and rights of Additional Grantor in any Company, whether under the Company Agreements or otherwise, including without limitation any right to cause the dissolution of any Company or to appoint or nominate a successor to Additional Grantor as a member, partner, shareholder, stockholder or other equity holder in any Company (all such other interests and rights being herein called the "Other Company Rights").

(b) All proceeds of any and all of the foregoing Collateral and, to the extent not otherwise included, all payments under insurance (whether or not the Collateral Agent is the loss payee thereof) or under any indemnity, warranty or guaranty by reason of loss to or otherwise with respect to any of the foregoing Collateral.

In each case, the foregoing property shall be covered by this Pledge Agreement Supplement, whether Additional Grantor's ownership or other rights therein are presently held or hereafter acquired and howsoever Additional Grantor's interests therein may arise or appear (whether by ownership, security interest, claim or otherwise).

The granting of the foregoing security interest does not make the Collateral Agent or any Secured Party a successor to Additional Grantor as a member or shareholder of any LLC or ULC or as a partner of any Partnership or a stockholder or shareholder of any Corporation, and neither the Collateral Agent, any Secured Party nor any of their respective successors or assigns hereunder shall be deemed to have become a member or shareholder of any LLC or ULC, have become a partner of any Partnership or have become a stockholder or shareholder of any Corporation by accepting this Pledge Agreement Supplement or exercising any right granted herein unless and until such time, if any, when the Collateral Agent or any such successor or assign expressly becomes a member or shareholder of any LLC or ULC, becomes a partner of any Partnership or becomes a stockholder or shareholder of any Corporation after a foreclosure upon Other Company Rights. Notwithstanding anything herein to the contrary (except to the extent, if any, that the Collateral Agent or any of its successors or assigns hereafter expressly becomes a member or shareholder of any LLC or ULC, a partner of any Partnership or a stockholder or shareholder of any Corporation), neither the Collateral Agent nor any Secured Party nor any of their respective successors or permitted assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any Company or of Additional Grantor to any Company or under any Company Agreement, and the above definition of "Other Company Rights" shall be deemed modified, if necessary, to prevent any such assumption or other liability.

Additional Grantor hereby acknowledges that the Secured Obligations are owed to the various Secured Parties and that each Secured Party is entitled to the benefits of the Liens given under this Pledge Agreement Supplement, provided, however, only the U.S. Collateral Agent and its permitted successors, transferees, assigns and co-agents under Sections 4.12 and 5.7 of the Pledge Agreement shall be entitled to exercise any remedies relating to the Liens given under this Pledge Agreement Supplement.

Section 2. Obligations Under the Pledge Agreement. Additional Grantor hereby agrees, as provided in Section 5.2 of the Pledge Agreement, as of the date first above written, to be bound as a Grantor by all of the terms and conditions of the Pledge Agreement to the same extent as each of the other Grantors thereunder. The undersigned further agrees, as of the date first above written, that each reference in the Pledge Agreement to an "Additional Grantor" or a "Grantor" shall also mean and be a reference to the undersigned, and each reference in any other Note Document to a "Grantor" or a "Guarantor" shall also mean and be a reference to the undersigned. The information set forth in Annex A hereto is hereby added to the information set forth in Schedule 3.1 to the Pledge Agreement.

Section 3. Representations, Warranties and Covenants. The undersigned hereby (a) represents and warrants that each representation and warranty set forth in Section 3.1 of the Pledge Agreement (assuming that all references in such Section 3.1 to a specific date refer to the date hereof) is true and correct in all material respects insofar as it refers to the undersigned (with

no duplication of a materiality qualifier) and (b) undertakes each covenant obligation set forth in Section 3.2 of the Pledge Agreement, in each case to the same extent as each other Grantor.

Section 4. Intercreditor Agreement Governs. Reference is made to the Intercreditor Agreement. Notwithstanding anything herein to the contrary, the lien and security interest granted to the U.S. Collateral Agent, for the benefit of the Secured Parties, pursuant to this Pledge Agreement Supplement and the exercise of any right or remedy by the U.S. Collateral Agent and the other Secured Parties are subject to the provisions of the Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the Intercreditor Agreement and this Pledge Agreement Supplement, the provisions of the Intercreditor Agreement shall control.

Section 5. Governing Law. **THIS PLEDGE AGREEMENT SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST CREATED HEREBY HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.**

(Remainder of Page Intentionally Left Blank; Signature Page Follows

IN WITNESS WHEREOF, the undersigned has caused this Pledge Agreement Supplement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

Very truly yours,

[NAME OF ADDITIONAL GRANTOR]

By: _____
Name:
Title:

SCHEDULE 3.1 TO PLEDGE AGREEMENT

None.

NOTES SECURITY AGREEMENT (U.S.)

THIS SECURITY AGREEMENT (this "Agreement") is made as of February 14, 2018, by ROCKPOINT GAS STORAGE PARTNERS LP, a Delaware limited partnership (the "Rockpoint Parent Guarantor"), each other signatory hereto, and the Additional Grantors (as hereinafter defined) (the Rockpoint Parent Guarantor, such Persons signatory hereto and the Additional Grantors are herein collectively called "Grantors" and each individually a "Grantor"), in favor of The Bank of New York Mellon, as U.S. collateral agent (in such capacity, the "Collateral Agent") for the benefit of the Holders (as hereinafter defined).

RECITALS:

WHEREAS, ROCKPOINT GAS STORAGE CANADA LTD., an Alberta corporation (the "Issuer"), the Guarantors party thereto, THE BANK OF NEW YORK MELLON, as trustee (the "Trustee") and the Collateral Agent and BNY Trust Company of Canada, as Canadian Collateral Agent, have entered into an Indenture dated as of even date herewith (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Indenture");

WHEREAS, pursuant to the Indenture, the Issuer issued $400,000,000 in aggregate principal amount of the 7.000% Senior Secured Notes due 2023 (the "Notes");

WHEREAS, the Issuer is a member of an affiliated group of companies that includes each Grantor;

WHEREAS, each Grantor has directly and indirectly benefited and will directly and indirectly benefit from the transactions evidenced by and contemplated in the Indenture and the other Note Documents;

WHEREAS, in connection with the issuance of the Notes and the guarantee thereof, each Grantor has agreed to grant to the Collateral Agent, for the benefit of the Secured Parties (as hereinafter defined), a security interest in the Collateral as defined herein; and

NOW, THEREFORE, in consideration of the premises, each Grantor hereby agrees with the Collateral Agent, as follows:

ARTICLE I.

Definitions and References

Section 1.1. Definitions.

(a) As used herein, the following terms shall have the following meanings:

"ABL Security Agreement" means that certain ABL Security Agreement (U.S.) dated as of December 22, 2016 by Rockpoint Gas Storage Partners LP, each other signatory thereto, and the Additional Grantors (as defined therein), in favor of Royal Bank of Canada, as collateral agent for the benefit of the Secured Parties (as defined in the Credit Agreement).

"Additional Grantor" has the meaning given to such term in Section 5.2.

"Agreement" has the meaning set forth in the introductory paragraph of this Agreement.

"Approved Accounts" means the Approved Accounts, as defined in the Credit Agreement.

"Collateral" means all property (other than Excluded Collateral), of whatever type, which is described in Section 2.1 as being at any time subject to a security interest granted hereunder to the Collateral Agent for the benefit of the Secured Parties.

"Collateral Agent" has the meaning set forth in the introductory paragraph of this Agreement.

"Contracts" means all contracts and agreements between any Grantor and any other Person (in each case, whether written or oral, or third party or intercompany), as the same may be amended, assigned, extended, restated, supplemented, replaced or otherwise modified from time to time, including (a) all rights of any Grantor to receive moneys due and to become due to it thereunder or in connection therewith, (b) all rights of any Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect thereto, (c) all rights of any Grantor to damages arising thereunder and (d) all rights of any Grantor to terminate and to perform and compel performance of, such contracts and agreements, and to exercise all remedies thereunder.

"Copyright License" means any license or other agreement, whether now or hereafter in existence, under which is granted or authorized any right to use, copy, reproduce, distribute, prepare derivative works, display or publish any records or other materials on which a Copyright is in existence or may come into existence, including the agreements identified in Schedule 1 to Exhibit B.

"Copyright Security Agreement" means a Copyright Security Agreement executed and delivered by any Grantor in favor of the Collateral Agent, substantially in the form of Exhibit B or such other agreement in form and substance reasonably satisfactory to the Collateral Agent and such Grantor.

"Copyrights" means all the following: (a) all copyrights under the laws of the United States or any other country (whether or not the underlying works of authorship have been published), all registrations and recordings thereof, all intellectual property rights to works of authorship (whether or not published), and all application for copyrights under the laws of the United States or any other country, including registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 to Exhibit B, (b) all reissues, renewals and extensions thereof, (c) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (d) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

"Excluded Collateral" means (a) any property to the extent that such grant of a security interest is (i) (x) prohibited by any Law without the consent of a Governmental Authority (excluding the CPUC) provided, the applicable Grantor has used commercially reasonable efforts to obtain such consent from such applicable Governmental Authority and (y) such consent has not been obtained from any such Governmental Authority pursuant to any such Law, provided further, upon receipt of the required consent of such Governmental Authority the property described in subsection (a)(i) above shall no longer qualify as Excluded Collateral, (ii) (x) prohibited by any Law without the consent of the CPUC, (y) such consent has not been obtained from the CPUC pursuant to any such Law, provided further, upon receipt of the required consent of the CPUC the property described in subsection (a)(ii) above shall no longer qualify as Excluded Collateral, or (iii) prohibited by, or constitutes a breach or default under or results in the termination of or requires any consent not obtained under, any Contract (including any joint venture agreement), license, agreement, instrument (including any permitted Liens, leases and licenses) or other document relating, evidencing or giving rise to such property, except, in the case of clauses (i), (ii) or (iii), to the extent that such Law or the term in such Contract, license, agreement, instrument or other document

or shareholder or similar agreement providing for such prohibition, breach, default or termination or requiring such consent is ineffective under applicable Law; (b) any Equipment owned by any Grantor on the date hereof or hereafter acquired by a Grantor that is subject to a Lien securing a purchase money obligation or Capital Lease Obligation permitted to be incurred pursuant to the provisions of the Indenture, only to the extent and for so long as the contract or other agreement in which such Lien is granted (or the documentation providing for such purchase money obligation or Capital Lease Obligation) prohibits the creation of any other Lien on such Equipment; (c) any Excluded Account; (d) any motor vehicles or Equipment subject to a certificate of title statute; (e) any Collateral to the extent the granting of a security interest therein would result in costs or consequences (including adverse tax consequences (including as a result of the operation of Section 956 of the Code or any similar law, rule or regulation in any applicable jurisdiction)) as reasonably determined by the Issuer in writing delivered to the Collateral Agent with respect to the granting or perfecting of a security interest that is excessive in view of the benefits to be obtained by the Holders of the Notes; (f) any other property constituting "Excluded Collateral" under the Notes Pledge Agreement that would otherwise be deemed to be Collateral hereunder; (g) any interest in leased real property; (h) any fee interest in owned real property if the fair market value of such fee interest is less than $1,000,000; (i) those assets that would constitute Collateral but as to which the ABL Collateral Agent (in the case of Current Asset Collateral) does not require a lien or security interest; (j) any intellectual property, including any United States intent-to-use trademark applications, to the extent and for so long as the creation of a security interest therein would invalidate a Grantor's right, title or interest therein; (k) letters of credit rights with a value not in excess of $5,000,000 (except for letter of credit rights that can be perfected by the filing of a UCC financing statement); (l) commercial tort claims with a value not in excess of $10,000,000; and (m) proceeds and products from any and all of the foregoing excluded items in clauses (a) through (l), unless such proceeds or products would otherwise constitute Collateral; provided, however, that Excluded Collateral will not include any proceeds, substitutions or replacements of any Excluded Collateral referred to in clause (a)(i) above (unless such proceeds, substitutions, or replacements would otherwise constitute Excluded Collateral).

"Fixed Assets" means any property, plant or equipment (including, for the avoidance of doubt, Cushion Gas).

"Governmental Authority" means the government of the United States, Canada or any other nation, or of any political subdivision thereof, whether state, provincial, territorial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Grantors" has the meaning set forth in the introductory paragraph of this Agreement.

"Holder" means a Person in whose name a Note is registered.

"Indenture" has the meaning set forth in the recitals of this Agreement.

"Intellectual Property" means any and all Copyrights, Copyright Licenses, Patents, Patent Licenses, Trademarks, and Trademark Licenses.

"Intercreditor Agreement" has the meaning given to such term in Section 5.17.

"Issuer" has the meaning set forth in the recitals of this Agreement.

"Law" means, collectively, all international, foreign, federal, state, provincial, territorial and local laws, statutes, treaties, rules, guidelines, directives, guides, bulletins, interpretations, regulations,

ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"Lender Party Accounts" means the Lender Party Accounts, as defined in the Credit Agreement.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties or financial condition of the Parent, the Issuer, the Issuer's Restricted Subsidiaries, or any Grantor, taken as a whole; (b) a material impairment of the rights and remedies of the Trustee, the ABL Collateral Agent, the Notes Agent, or any Holder; (c) a material impairment of the ability of the Parent, the Issuer, the Issuer's Restricted Subsidiaries, or any Grantor, taken as a whole, to perform their obligations under the Note Documents; or (d) a material adverse effect upon the legality, validity, binding effect or enforceability against any of the Parent, the Issuer, the Issuer's Restricted Subsidiaries, or any Grantor of any Note Document to which it is a party.

"Note Documents" has the meaning given to such term in Section 1.4.

"Notes" has the meaning set forth in the recitals of this Agreement.

"Notes Pledge Agreement" means a Pledge Agreement, dated as of the date hereof, executed and delivered by the Issuer and the Guarantors party thereto in favor of the Collateral Agent, for the benefit of the Secured Parties.

"Other Liable Party" means any Person, other than Grantors, who may now or may at any time hereafter be primarily or secondarily liable for any of the Obligations or who may now or may at any time hereafter have granted to the Collateral Agent or any other Secured Party a Lien upon any property as security for the Obligations.

"Patent License" means any license or other agreement, whether now or hereafter in existence, under which is granted or authorized any right with respect to any Patent or any invention now or hereafter in existence, whether patentable or not, whether a patent or application for patent is in existence on such invention or not, and whether a patent or application for patent on such invention may come into existence, including the agreements identified in Schedule 1 to Exhibit A.

"Patent Security Agreement" means the Patent Security Agreement executed and delivered by any Grantor in favor of the Collateral Agent, substantially in the form of Exhibit A or such other agreement in form and substance reasonably satisfactory to the Collateral Agent and such Grantor.

"Patents" means all the following: (a) all letters patent and design letters patent of the United States or any other country and all applications for letters patent and design letters patent of the United States or any other country, including applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 to Exhibit A, (b) all reissues, divisions, continuations, continuations-in-part, renewals and extensions thereof, (c) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (d) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

"Pledged ULC Shares" has the meaning set forth in Section 5.15. "Real Property Interests" means all property of any Grantor to the extent that it is treated as real property under applicable Law.

"Receivables" means (a) all Accounts and all other rights to payment for goods or other personal property which have been (or are to be) sold, leased, or exchanged or for services which have been (or are to be) rendered, regardless of whether such Accounts or other rights to payment have been earned by performance and regardless of whether such Accounts or other rights to payment are evidenced by or characterized as accounts receivable, contract rights, book debts, notes, drafts or other obligations of indebtedness, (b) all Documents, Instruments, Chattel Paper, Letters of Credit and Letter-of-Credit Rights of any kind relating to such Accounts or other rights to payment or otherwise arising out of or in connection with the sale, lease or exchange of goods or other personal property or the rendering of services, (c) all rights in, to, or under all security agreements, leases and other contracts securing or otherwise relating to any such Accounts, rights to payment, Documents, Instruments, Chattel Paper, Letters of Credit or Letter-of-Credit Rights, (d) all rights in, to and under any purchase orders, service contracts, or other contracts out of which such Accounts and other rights to payment arose (or will arise on performance), and (e) all rights in or pertaining to any goods arising out of or in connection with any such purchase orders, service contracts, or other contracts, including rights in returned or repossessed goods and rights of replevin, repossession, and reclamation.

"Rockpoint Parent Guarantor" has the meaning set forth in the introductory paragraph of this Agreement.

"Secured Parties" means the Notes Secured Parties as defined in the Indenture.

"Security Agreement Supplement" has the meaning set forth in Section 5.2.

"Trademark License" means any license or agreement, whether now or hereafter in existence, under which is granted or authorized any right to use any Trademark, including the agreements identified on Schedule 1 to Exhibit C hereto.

"Trademark Security Agreement" means the Trademark Security Agreement executed and delivered by any Grantor in favor of the Collateral Agent, substantially in the form of Exhibit C hereto or such other agreement in form and substance reasonably satisfactory to the Collateral Agent and such Grantor.

"Trademarks" means all of the following: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of the foregoing have appeared or appear, package and other designs, and any other source or business identifiers, and the rights in any of the foregoing which arise under applicable Law, (b) the goodwill of the business symbolized thereby or associated with each of them , (c) all registrations and applications in connection therewith, including registrations and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 to Exhibit C hereto, (d) all reissues, extensions and renewals thereof, (e) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (f) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

"Trustee" has the meaning set forth in the recitals of this Agreement.

"UCC" means the Uniform Commercial Code in effect in the State of New York, as amended from time to time.

"ULC" has the meaning set forth in Section 5.15.

"ULC Laws" means the Companies Act (Nova Scotia), the Business Corporations Act (Alberta), the Business Corporations Act (British Columbia) and any other present or future laws governing ULCs.

Section 1.2. Other Definitions. Reference is hereby made to the Indenture for a statement of the terms thereof. All capitalized terms used in this Agreement which are defined in the Indenture and not otherwise defined herein shall have the same meanings herein as set forth therein. All terms used in this Agreement which are defined in the UCC and not otherwise defined herein or in the Indenture shall have the same meanings herein as set forth therein (and if defined in more than one Article of the UCC, such terms shall have the meanings given in Article 9 thereof), except where the context otherwise requires. The parties intend that the terms used herein which are defined in the UCC have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the UCC shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the UCC in effect on the date hereof, then such term, as used herein, shall be given such broadened meaning

Section 1.3. Attachments. All exhibits or schedules which may be attached to this Agreement are a part hereof for all purposes.

Section 1.4. Other Interpretive Provisions. Unless otherwise specified herein:

(a) The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the word "shall." Unless the context requires otherwise, (i) any definition of or reference to any agreement, instrument or other document shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein or in the Indenture or the Security Documents (together with the Notes, the "Note Documents")), (ii) any reference herein to any Person shall be construed to include such Person's successors and assigns, (iii) the words "herein," "hereof" and "hereunder," and words of similar import when used herein, shall be construed to refer this Agreement in its entirety and not to any particular provision thereof, (iv) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, (v) any reference to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing or interpreting such Law and any reference to any Law or regulation shall, unless otherwise specified, refer to such Law or regulation as amended, modified or supplemented from time to time, and (vi) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

(b) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including;" the words "to" and "until" each mean "to but excluding;" and the word "through" means "to and including."

(c) Section headings herein are included for convenience of reference only and shall not affect the interpretation of this Agreement.

ARTICLE II.

Security Interest

Section 2.1. Grant of Security Interest. Each Grantor hereby pledges, collaterally assigns and grants to the Collateral Agent a continuing security interest (except that any Collateral consisting of Pledged ULC Shares shall only be subject to a security interest), for the benefit of the Secured Parties, in and to all of such Grantor's right, title and interest in and to all of the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations, whether now existing or hereafter incurred or arising:

(a) all Accounts;

(b) all As-Extracted Collateral;

(c) all Chattel Paper (including, without limitation, Electronic Chattel Paper);

(d) all Commercial Tort Claims described on Schedule 3.1(h) (as such schedule may be updated from time to time in accordance with Section 3.2(h));

(e) all Commodity Accounts;

(f) all Commodity Contracts;

(g) all Contracts;

(h) all Deposit Accounts;

(i) all Documents;

(j) all Financial Assets;

(k) all Fixtures;

(l) all General Intangibles;

(m) all Goods (including, without limitation, all Equipment and Inventory);

(n) all Instruments;

(o) all Intellectual Property;

(p) all Investment Property;

(q) all Letters of Credit;

(r) all Letter-of-Credit Rights

(s) all Money;

(t) all Payment Intangibles;

(u) all Receivables, to the extent not otherwise described above;

(v) all Securities (including Certificated Securities and Uncertificated Securities);

(w) all Securities Accounts;

(x) all Securities Entitlements;

(y) all Software;

(z) all Supporting Obligations;

(aa) all books and Records pertaining to the other property described in this Section 2.1;

(bb) to the extent not otherwise described in this Section 2.1, all Natural Gas and to the extent not otherwise described in this Section 2.1, all Fixed Assets;

(cc) to the extent not otherwise described in this Section 2.1, all Proceeds, products, accessions, rents and profits of or in respect of any and all of the foregoing and all collateral security and guarantees given by any Person to or in favor of any Grantor with respect to any of the foregoing,

provided, notwithstanding anything to the contrary contained in clauses (a) through (cc) above, (x) the security interest created by this Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Collateral, and (y) the security interest over the Collateral shall be subject to release or subordination in accordance with the provisions of Section 5.10 hereof.

The granting of the foregoing security interest does not make the Collateral Agent or any Secured Party a successor to such Grantor as a member or shareholder of any LLC (as defined in the Notes Pledge Agreement) or ULC or as a partner of any Partnership (as defined in the Notes Pledge Agreement) or a stockholder or shareholder of any Corporation (as defined in the Notes Pledge Agreement), and neither the Collateral Agent, any Secured Party nor any of their respective successors or assigns hereunder shall be deemed to have become a member or shareholder of any LLC or ULC, have become a partner of any Partnership or have become a stockholder or shareholder of any Corporation by accepting this Agreement or exercising any right granted herein unless and until such time, if any, when the Collateral Agent or any such successor or assign expressly becomes a member or shareholder of any LLC or ULC, becomes a partner of any Partnership or becomes a stockholder or shareholder of any Corporation after a foreclosure upon Other Company Rights (as defined in the Notes Pledge Agreement). Notwithstanding anything herein to the contrary (except to the extent, if any, that the Collateral Agent or any of its successors or assigns hereafter expressly becomes a member or shareholder of any LLC or ULC, a partner of any Partnership or a stockholder or shareholder of any Corporation), neither the Collateral Agent nor any Secured Party nor any of their respective successors or permitted assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any Company (as defined in the Notes Pledge Agreement) or of any Grantor to any Company or under any Company Agreement (as defined in the Notes Pledge Agreement), and the definition of "Other Company Rights" in the Notes Pledge Agreement shall be deemed modified, if necessary, to prevent any such assumption or other liability.

In each case, the foregoing property shall be covered by this Agreement, whether such Grantor's ownership or other rights therein are presently held or hereafter acquired and howsoever such Grantor's interests therein may arise or appear (whether by ownership, security interest, claim or otherwise).

Each Grantor hereby acknowledges that the Obligations are owed to the Secured Parties and that the Collateral Agent, as agent for the Secured Parties, is entitled to the benefits of the Liens given under this Agreement; provided, however, only the Collateral Agent and its permitted successors, transferees, assigns and co-agents under Sections 4.9 and 5.8 shall be entitled to exercise any remedies relating to the Liens given under this Agreement.

Section 2.2. Grantors Remain Liable. Notwithstanding anything to the contrary contained herein, (i) each Grantor shall remain liable for all obligations under and in respect of the Collateral and nothing contained herein is intended or shall be a delegation of duties to the Collateral Agent or any other Secured Party, (ii) each Grantor shall remain liable under each of the agreements included in the Collateral, including any Receivables, to perform all of the obligations undertaken by it thereunder all in accordance with and pursuant to the terms and provisions thereof and neither the Collateral Agent nor any other Secured Party shall have any obligation or liability under any of such agreements by reason of or arising out of this Agreement or any other document related hereto nor shall the Collateral Agent nor any other Secured Party have any obligation to make any inquiry as to the nature or sufficiency of any payment received by it or have any obligation to take any action to collect or enforce any rights under any agreement included in the Collateral, including any agreements relating to any Receivables, and (iii) the exercise by the Collateral Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral, including any agreements relating to any Receivables.

ARTICLE III.

Representations, Warranties and Covenants

Section 3.1. Representations and Warranties. Each Grantor hereby represents and warrants to the Collateral Agent and each other Secured Party as follows:

(a) Security Interest. Such Grantor has and will have at all times full right, power and authority to grant a security interest in the Collateral to the Collateral Agent for the benefit of the Secured Parties as provided herein, free and clear of any Lien other than Liens permitted under the Indenture. Subject to the Intercreditor Agreement and the Liens permitted by the Indenture, this Agreement creates a valid and binding first priority security interest in favor of the Collateral Agent for the benefit of the Secured Parties in the Collateral, which security interest secures all of the Obligations. Any and all references made in this Agreement to the Intercreditor Agreement or Liens permitted under the Indenture (or to the Liens created hereunder as being subject to the Intercreditor Agreement or any Liens permitted under the Indenture, or subject to the rights of any Person party to the Intercreditor Agreement or holding any such Lien) are made for the purpose of limiting certain warranties and covenants made by each Grantor herein and such reference is not intended to affect the description herein of the Collateral.

(b) Perfection. To the extent that the taking of possession can be effective under the UCC to perfect the security interest created hereunder in any Collateral, the taking possession by the Collateral Agent of all Instruments, Chattel Paper, Letters of Credit and Money constituting Collateral from time to time will perfect, and subject to the Intercreditor Agreement, establish the first priority of the security interest created hereunder in favor of the Collateral Agent for the benefit of the Secured Parties in such Collateral. To the extent that the taking of control can be effective under the UCC to perfect the security interest created hereunder in any Collateral, the Collateral Agent's control (within the meaning of the UCC) of all Investment Property, Deposit Accounts, Electronic Chattel Paper, and Letter-of-Credit Rights constituting Collateral from time to time will perfect, and subject to the Intercreditor Agreement, establish the first priority of, the security interest created hereunder in such Collateral. To the extent that the filing of a financing statement can be effective under the UCC to perfect the security interest created hereunder

in any Collateral, the filing of a financing statement with the secretary of state (or equivalent governmental official) of the state in which such Grantor is organized which sufficiently indicates all such Collateral (other than Real Property Interests) will perfect, and subject to the Intercreditor Agreement and the Liens permitted by the Indenture, establish the first priority of the security interest created hereunder in such Collateral. To the extent that the security interest in the Collateral that constitutes Intellectual Property may be perfected by the filing of a Patent Security Agreement and a Trademark Security Agreement with the United States Patent and Trademark Office and a Copyright Security Agreement with the United States Copyright Office, such security interest will constitute a perfected security interest in such Collateral and subject to the Intercreditor Agreement and the Liens permitted under the Indenture, shall establish the first priority of the security interest created hereunder in such Collateral.

(c) Intellectual Property. As of the date hereof, each registration and application for registration for Patents, Copyrights and Trademarks that is part of Intellectual Property included within the Collateral which is material to Grantor's business is listed on Schedule 1 to Exhibit B (in the case of Copyrights and Copyright Licenses), on Schedule 1 to Exhibit A (in the case of Patents and Patent Licenses), and on Schedule 1 to Exhibit C (in the case of Trademarks and Trademark Licenses).

(d) Grantor Name, Etc. (i) Each Grantor's exact legal name, as defined in Section 9-503(a) of the UCC, is correctly set forth in Schedule 3.1(d), (ii) such Grantor is located (within the meaning of Section 9-307 of the UCC) and has its chief executive office in the state, province or jurisdiction set forth in Schedule 3.1(d), and (iii) the information set forth in Schedule 3.1(d) with respect to such Grantor is true and accurate in all respects.

(e) INTENTIONALLY OMITTED.

(f) Investment Property. No Grantor has any Securities with a value in excess of $1,000,000, any Security Certificate with a value in excess of $1,000,000 or any other Investment Property, other than the Securities, Security Certificates and Investment Property set forth on Schedule 3.1(f) hereto and additional investment property as to which such Grantor has complied with Section 3.2(g) hereto.

(g) Approved Accounts, Etc. No Grantor has Deposit Accounts other than (i) the Lender Party Accounts, (ii) the Excluded Accounts, (iii) the Approved Accounts listed on Schedule 3.1(g) hereto and (iv) any additional Deposit Accounts as to which such Grantor has complied with the applicable requirements set forth in Section 3.2(f).

(h) Miscellaneous. As of the date hereof, no Grantor owns any interest in any Farm Products or timber to be cut. Schedule 3.1(h) specifically describes each Commercial Tort Claim with an estimated value or claim amount in excess of $5,000,000 as to which any Grantor has any right, title or interest as of the date hereof.

Section 3.2. General Covenants Applicable to Collateral. Unless the Collateral Agent shall otherwise consent in writing, each Grantor will at all times comply with the covenants contained in the Indenture that are applicable to such Grantor for so long as any Notes or other amounts due and owing under the Indenture are outstanding and, in addition, each Grantor hereby covenants to the Collateral Agent and each other Secured Party as follows, in each case subject to the requirements of the Intercreditor Agreement:

(a) Change of Name, Location, or Structure; Additional Filings. Each Grantor recognizes that financing statements pertaining to the Collateral have been or may be filed with the secretary of state (or equivalent governmental official) of the state in which such Grantor is organized, or any other applicable jurisdiction. Without limitation of any other covenant herein, no Grantor will cause or permit any change

to be made in its name or organizational structure, or any change to be made to its jurisdiction of organization (except, in each case, in a transaction permitted by the Indenture), unless such Grantor shall have (i) notified the Collateral Agent of such change no later than five (5) Business Days (or such later date at the ABL Collateral Agent's or the Collateral Agent's reasonable discretion) following the effective date of such change and (ii) taken all action reasonably requested by the Collateral Agent (under the following subsection (b) or otherwise) for the purpose of further confirming and protecting the Collateral Agent's security interests and rights under this Agreement and the perfection and priority thereof, and, upon such change, Schedule 3.1(d) shall be deemed amended automatically, including for purposes of Section 3.1(d).

(b) Further Assurances. No Grantor will take or fail to take any action which would in any manner materially impair the value or enforceability of the Collateral Agent's security interest in any Collateral (subject to the rights of any Person holding a Lien permitted under the Indenture). Each Grantor will, at its expense as from time to time reasonably requested by the Collateral Agent, promptly execute and deliver all further instruments, agreements, filings and registrations, and take all further action, in order: (i) to correct any errors or omissions in the descriptions herein of the Obligations or the Collateral or in any other provisions hereof; (ii) to perfect and register the security interests and rights created or purported to be created hereby or to maintain in rank the priority of such security interests and rights (other than as expressly permitted by the terms hereof and the Indenture); (iii) to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder in respect of the Collateral; or (iv) to otherwise give the Collateral Agent the full benefits of the rights and remedies described in or granted under this Agreement. As part of the foregoing each Grantor will, whenever reasonably requested by the Collateral Agent, (x) authenticate (as defined in the UCC) and file any financing statements, continuation statements, and other filings or registrations relating to the Collateral Agent's security interests and rights hereunder, and any amendments thereto, and (y) mark its books and records relating to any Collateral to reflect that such Collateral is subject to this Agreement and the security interests hereunder. To the extent reasonably requested by the Collateral Agent from time to time, each Grantor will use commercially reasonable efforts to obtain from any material account debtor or other obligor on the Collateral the acknowledgment of such account debtor or obligor that such Collateral is subject to this Agreement.

(c) Information. Upon the reasonable request from time to time by the Collateral Agent, each Grantor will furnish to the Collateral Agent statements and schedules identifying and describing its Collateral and other reports and information reasonably requested in connection with its Collateral, all in reasonable detail and similar in scope to other statements and schedules required under or constituting part of this Agreement.

(d) Ownership, Liens, Possession and Transfers. Each Grantor will maintain good title to all of its Collateral, free and clear of all Liens, except for the security interest created by this Agreement and any Liens permitted under the Indenture, and no Grantor will grant or allow any effective non-permitted Liens to exist. Except as permitted under the Indenture, each Grantor will not sell, assign (by operation of Law or otherwise), transfer, exchange, lease or otherwise dispose of any of its Collateral.

(e) Intellectual Property. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, each Grantor will maintain and protect the validity and enforceability of all Intellectual Property owned by such Grantor that constitutes Collateral. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, with respect to each item of Intellectual Property that constitutes Collateral, each Grantor agrees to take, in such Grantor's reasonable business judgment and at its expense, all commercial reasonable steps, including, without limitation, in the United States Patent and Trademark Office and the United States Copyright Office to pursue the prosecution and maintenance of each patent, trademark or copyright registration or application now pending in the United States, now or hereafter included in such Intellectual Property constituting Collateral. Concurrently with the delivery by Issuer of the quarterly financial statements

pursuant to Section 4.03(a)(2) of the Indenture, Grantor will give the Collateral Agent notice of the filing during the period covered thereby of any application for registration (or any similar request) of any Intellectual Property which is material to any Grantor's business with the United States Copyright Office, the United States Patent and Trademark Office, or any similar office or agency of the United States or other country, or any political subdivision thereof, and will, upon the Collateral Agent's reasonable request, execute, deliver and file any agreements, instruments, registrations and filings to confirm the Collateral Agent's security interest therein and to put such security interest of record in such office.

(f) Deposit Accounts. For each Deposit Account, no Grantor shall be required to enter into control agreements with respect to such Deposit Account, or otherwise perfect any security interest in such Deposit Account by ''control'' (or similar arrangements).

(g) Investment Property. If any Grantor shall at any time hold or acquire any Security Certificate with a value in excess of $1,000,000, such Grantor shall promptly endorse, assign, and deliver the same to the Collateral Agent, accompanied by such instruments of transfer or assignment duly executed in blank as the Collateral Agent may from time to time specify. If any Securities with a value in excess of $1,000,000, whether certificated or uncertificated, or other Investment Property now or hereafter acquired by any Grantor, are held by such Grantor or its nominee through a Securities Intermediary or Commodity Intermediary, such Grantor shall promptly notify the Collateral Agent thereof, and, at the Collateral Agent's reasonable request, pursuant to an agreement in form and substance reasonably satisfactory to the ABL Collateral Agent or the Collateral Agent, use commercially reasonable efforts to cause such Securities Intermediary or (as the case may be) Commodity Intermediary to agree to comply with entitlement orders or other instructions from the Collateral Agent (acting at the written direction of the Holders of a majority of the aggregate outstanding principal amount of the Notes) to such Securities Intermediary as to such Securities or other Investment Property, or (as the case may be) to apply any value distributed on account of any Commodity Contract as directed by the Collateral Agent (acting at the written direction of the Holders of a majority of the aggregate outstanding principal amount of the Notes) to such Commodity Intermediary, in each case without further consent of such Grantor or such nominee. The Collateral Agent agrees with each Grantor that the Collateral Agent shall not give any such entitlement orders or instructions or directions to any issuer, Securities Intermediary, or Commodity Intermediary unless an Event of Default has occurred and is continuing.

(h) Commercial Tort Claims. If any Grantor shall at any time hold or acquire a Commercial Tort Claim with an estimated value or claim amount in excess of $5,000,000, such Grantor shall (i) promptly notify the Collateral Agent in writing of the details thereof and (ii) grant to the Collateral Agent in such writing a security interest therein and in the proceeds thereof, each of (i) and (ii) upon the terms of this Agreement and pursuant to an agreement in form and substance reasonably satisfactory to the ABL Collateral Agent or the Collateral Agent. Upon receipt of such notice, the Collateral Agent is hereby authorized, but not obligated, to (i) amend Schedule 3.1(h) to include the details of such Commercial Tort Claim and (ii) file any financing statements and other filings or registrations relating to the Collateral Agent's security interests and rights in such Commercial Tort Claim.

(i) Insurance. Each Grantor will carry insurance as provided in Section 4.21 of the Indenture. Each Grantor shall use commercially reasonable efforts to ensure that all insurance policies required by the Indenture shall contain clauses providing that the Collateral Agent and the other Secured Parties are additional insureds or loss payees, as the case may be, thereunder and providing that such policies may not be cancelled, reduced or otherwise materially and negatively affected without at least thirty (30) days prior written notice to the Collateral Agent. Upon the reasonable request by the Collateral Agent, each Grantor shall deliver to the Collateral Agent copies or originals of each of the policies and evidence of payment of premiums, originals of certificates evidencing renewals, and such other information regarding such liability and property insurance as the Collateral Agent may reasonably request. During the continuance of an Event

of Default and in connection with the exercise of remedies, the Collateral Agent is hereby authorized but not obligated to enforce in its name or in the name of any Grantor payment of any or all of said policies or settle or compromise any claim in respect thereof, and to collect and make receipts for the proceeds thereof and, in and during such events, the Collateral Agent is hereby appointed each Grantor's agent and attorney-in-fact to endorse any check or draft payable to such Grantor in order to collect the proceeds of insurance. In the event of the sale of any Collateral pursuant to the Collateral Agent's exercise of any remedies hereunder, or other transfer of title to the Collateral in extinguishment in whole or in part of the Obligations, all right, title and interest of any Grantor in and to such policies then in force concerning the Collateral and all proceeds payable thereunder shall thereupon vest in the purchaser at such sale or other transferee in the event of such other transfer of title.

(j) Instruments, etc. Each Grantor will cause all of its Instruments and Chattel Paper included within the Collateral to have only one original counterpart. Each Grantor will promptly deliver to the Collateral Agent all originals of its Instruments and Chattel Paper which are included within the Collateral and which have an individual value in excess of $1,000,000. Upon request by the Collateral Agent, each Grantor will mark each of its Tangible Chattel Paper which is included within the Collateral and which has an individual value in excess of $1,000,000 with a legend indicating that such Tangible Chattel Paper is subject to the security interest granted by this Agreement. If any of the Collateral is or shall become Electronic Chattel Paper such Grantor shall ensure that (1) a single authoritative copy exists which is unique, identifiable, unalterable (except as provided in clauses (3), (4) and (5) of this paragraph), (2) such authoritative copy identifies the Collateral Agent as the assignee and is communicated to and maintained by the Collateral Agent or its designee, (3) copies or revisions that add or change the assignee of the authoritative copy can only be made with the participation of the Collateral Agent, (4) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy and not the authoritative copy and (5) any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

(k) Letters of Credit. With respect to any Letters of Credit that have a stated amount in excess of $5,000,000 and are by their terms transferable, each Grantor will, upon receipt of a written request from the Collateral Agent, use commercially reasonable efforts to cause all issuers and nominated persons under Letters of Credit in which a Grantor is the beneficiary or assignee to consent to the assignment of such Letter of Credit to the Collateral Agent and, upon receipt of a written notice from the Collateral Agent (acting at the written direction of the Holders of 25% of the aggregate outstanding principal amount of the Notes) that an Event of Default has occurred and is continuing, it shall cause all payments thereunder to be made to the Collateral Agent.

(l) Receivables.

(i) Certain Agreements on Receivables. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect, no Grantor will make or agree to make any discount, credit, rebate or other reduction in the original amount owing on a Receivable or accept in satisfaction of a Receivable less than the original amount thereof, except that, prior to the occurrence of an Event of Default (and in the absence of an Event of Default), any Grantor may reduce the amount of Accounts, whether from the sale of Inventory or otherwise, in the ordinary course of business.

(ii) Collection of Receivables. Except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect and except as otherwise provided in this Security Agreement, each Grantor will collect and enforce, in the ordinary course of business, all amounts due or hereafter due to such Grantor under the Receivables.

ARTICLE IV.

Remedies, Powers and Authorizations

Section 4.1. Normal Provisions Concerning the Collateral.

(a) Authorization to file Financing Statements. Each Grantor hereby irrevocably authorizes the Collateral Agent at any time and from time to time to file, without the signature of such Grantor, in any jurisdiction any amendments to existing financing statements and any initial financing statements and amendments thereto that (i) indicate the Collateral (1) as "all assets of such debtor" or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC, or (2) as being of an equal or lesser scope or with greater detail; (ii) contain any other information required by Article 9 of the UCC for the sufficiency or filing office acceptance of any financing statement or amendment, including the address of such Grantor, whether such Grantor is an organization, the type of organization and any organization identification number issued to such Grantor; and (iii) are necessary to properly effectuate the transactions described in the Note Documents, as determined by the Collateral Agent in its reasonable discretion (acting at the written direction of the Holders of a majority of the aggregate outstanding principal amount of the Notes). Each Grantor agrees to furnish any such information to the Collateral Agent promptly upon its reasonable request. Each Grantor hereby further authorizes the Collateral Agent to file one or more continuation statements to such financing statements. Each Grantor further agrees that, where permitted by applicable Law, a carbon, photographic, electronic or other reproduction of this Agreement or any financing statement describing any Collateral is sufficient as a financing statement and may be filed in any jurisdiction by the Collateral Agent; *provided* that the Collateral Agent shall have no obligation to make any of the aforementioned filings and the Grantors shall have the primary responsibility to make all filings required under this Agreement.

(b) Power of Attorney. Each Grantor hereby irrevocably appoints the Collateral Agent as such Grantor's attorney-in-fact and proxy, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, in the Collateral Agent's discretion at any time that an Event of Default shall have occurred and is continuing, subject to the terms of the Intercreditor Agreement, to take any action, and to execute or endorse any instrument, certificate or notice, which the Collateral Agent (acting at the written direction of the Holders of 25% of the aggregate outstanding principal amount of the Notes) may deem necessary or advisable to accomplish the purposes of this Agreement, including any action or instrument: (i) to obtain and adjust any insurance required to be maintained by Grantors hereunder or paid to the Collateral Agent pursuant hereto; (ii) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral; (iii) to receive, indorse and collect any drafts or other Instruments, Documents or other Collateral; (iv) to enforce any obligations included among the Collateral; and (v) to file any claims or take any action or institute any proceedings which the Collateral Agent (acting at the written direction of the Holders of 25% of the aggregate outstanding principal amount of the Notes) may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce, perfect, or establish the priority of the rights of such Grantor or the Collateral Agent with respect to any of the Collateral. Each Grantor hereby acknowledges that such power of attorney and proxy are coupled with an interest, are irrevocable, and are to be used by the Collateral Agent for the sole benefit of the Secured Parties.

(c) Performance by Collateral Agent. If any Grantor fails to perform any agreement or obligation contained herein, the Collateral Agent may itself perform, or cause the performance of, such agreement or obligation, and the expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor to the extent required by Sections 7.06 and 12.13 of the Indenture; provided, however, that, unless an Event of Default has occurred and is continuing, the Collateral Agent shall not

perform, or cause the performance of, such agreement or obligation without first making demand therefor to the applicable Grantor and such Grantor failing to promptly comply with such demand.

(d) Bailees. Upon the occurrence and during the continuance of an Event of Default, if any Collateral is at any time in the possession or control of any warehouseman, bailee or any of any Grantor's agents or processors, such Grantor shall, upon the request of the Collateral Agent (acting at the written direction of the Holders of 25% of the aggregate outstanding principal amount of the Notes), notify such warehouseman, bailee, agent or processor of the Collateral Agent's rights hereunder and instruct such Person to hold all such Collateral for the Collateral Agent's account subject to the Collateral Agent's instructions. No such request by the Collateral Agent shall be deemed a waiver of any provision hereof which was otherwise violated by such Collateral being held by such Person prior to such instructions by such Grantor.

(e) Collection. Collateral Agent shall have the right at any time, upon the occurrence and during the continuance of an Event of Default, to notify, or to require any Grantor to notify, any and all obligors under any Receivables, General Intangibles, Instruments, Chattel Paper, or other rights to payment included among the Collateral of the assignment thereof to Collateral Agent under this Agreement and to direct such obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to Collateral Agent and, upon such notification and at the expense of such Grantor and to the extent permitted by Law, to enforce collection of any such Receivables, General Intangibles, Instruments, Chattel Paper, or other rights to payment and to adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor could have done. After any Grantor receives notice that Collateral Agent has given, or after Collateral Agent has required any Grantor to give, any notice referred to above in this subsection, and so long as any Event of Default shall be continuing:

(i) all amounts and proceeds (including instruments and writings) received by such Grantor in respect of such Receivables, General Intangibles, Instruments, Chattel Paper, or other rights to payment shall be received in trust for the benefit of Collateral Agent hereunder, shall be segregated from other funds of such Grantor and, upon notice from the Collateral Agent of the exercise of remedies (acting at the written direction of the Holders of 25% of the aggregate outstanding principal amount of the Notes), shall be forthwith paid over to Collateral Agent in the same form as so received (with any necessary endorsement) to be, at Collateral Agent's discretion (acting at the written direction of the Holders of 25% of the aggregate outstanding principal amount of the Notes), either (A) held as cash collateral and released to such Grantor upon the remedy of all Defaults and Events of Default, or (B) while any Event of Default is continuing and upon the exercise of remedies in accordance with the Indenture, applied as specified in Section 4.3, and

(ii) such Grantor will not adjust, settle or compromise the amount or payment of any such Receivable, General Intangible, Instrument, Chattel Paper, or other right to payment or release wholly or partly any account debtor or obligor thereof or allow any credit or discount thereon.

Section 4.2. Event of Default Remedies. If an Event of Default shall have occurred and be continuing, Collateral Agent may, from time to time in its reasonable discretion (acting at the written direction of the Holders of 25% of the aggregate outstanding principal amount of the Notes), without limitation and without notice except as expressly provided below, in each case subject to the terms of Article 6 of the Indenture:

(a) exercise in respect of the Collateral, in addition to any other rights and remedies provided for herein, under the other Note Documents or otherwise available to it at Law, in equity or under any statute or other agreement, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral);

(b) require each Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of Collateral Agent forthwith, assemble all or part of the Collateral as directed by Collateral Agent and make it (together with all books, records and information of such Grantor relating thereto) available to Collateral Agent at a place to be designated by Collateral Agent;

(c) prior to the disposition of any Collateral, (i) to the extent permitted by applicable Law, enter, with or without process of Law and without breach of the peace, any premises where any of the Collateral is or may be located, and without charge or liability to Collateral Agent seize and remove such Collateral from such premises, (ii) have access to and use the relevant Grantor's books, records, and information relating to the Collateral, and (iii) store or transfer any of the Collateral without charge in or by means of any storage or transportation facility owned or leased by the relevant Grantor, process, repair or recondition any of the Collateral or otherwise prepare it for disposition in any manner and to the extent Collateral Agent deems appropriate and, solely as reasonably necessary for such preparation and disposition, use without charge any copyright, trademark, trade name, patent or technical process used by such Grantor;

(d) reduce its claim to judgment or foreclose or otherwise enforce, in whole or in part, the security interest created hereby by any available judicial procedure;

(e) dispose of, at its office, on the premises of the respective Grantor or elsewhere, all or any part of the Collateral, as a unit or in parcels, by public or private proceedings, and by way of one or more contracts (it being agreed that the sale of any part of the Collateral shall not exhaust Collateral Agent's power of sale, but sales may be made from time to time, and at any time, until all of the Collateral has been sold or until the Obligations have been paid and performed in full), and at any such sale it shall not be necessary to exhibit any of the Collateral;

(f) buy (or allow one or more of the Secured Parties to buy) the Collateral, or any part thereof, at any public sale;

(g) buy (or allow one or more of the Secured Parties to buy) the Collateral, or any part thereof, at any private sale if the Collateral is of a type customarily sold in a recognized market or is of a type which is the subject of widely distributed standard price quotations;

(h) apply by appropriate judicial proceedings for appointment of a receiver for the Collateral, or any part thereof;

(i) give notice of sole control or any other instruction under any account control agreement or similar agreement and take any action provided therein with respect to the applicable Collateral; and

(j) concurrently with written notice to the Grantors, transfer and register in its name or in the name of its nominee the whole or any part of the Instruments, Securities or Investment Property constituting Collateral, to exchange certificates or instruments representing or evidencing Instruments, Securities or Investment Property constituting Collateral for certificates or instruments of smaller or larger denominations, to exercise the voting and all other rights as a holder with respect thereto, to collect and receive cash dividends, interest, principal and other distributions made thereon and to otherwise act with respect to the Instruments, Securities or Investment Property constituting Collateral as though the Collateral Agent was the outright owner thereof.

Each Grantor agrees that, to the extent notice of sale shall be required by Law, at least ten (10) days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale

of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

In addition to the foregoing, if any Event of Default has occurred and is continuing:

(a) the Collateral Agent may license, or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any Copyrights, Patents or Trademarks included in the Collateral throughout the world for such term or terms, on such conditions and in such manner as the Collateral Agent shall in its sole discretion determine;

(b) the Collateral Agent may (without assuming any obligations or liability thereunder), at any time and from time to time, in its sole discretion, enforce (and shall have the exclusive right to enforce) against any licensee or sublicensee all rights and remedies of Grantor in, to and under any Copyright Licenses, Patent Licenses or Trademark Licenses and take or refrain from taking any action under any thereof; and

(c) upon request by the Collateral Agent, each Grantor will execute and deliver to the Collateral Agent a power of attorney, in form and substance satisfactory to the Collateral Agent, for the implementation of any lease, assignment, license, sublicense, grant of option, sale or other disposition of a Copyright, Patent or Trademark or any action related thereto. In the event of any such disposition pursuant to this Section, each Grantor shall use commercially reasonable efforts to supply its know-how and expertise relating to the manufacture and sale of the products bearing Trademarks or the products or services made or rendered in connection with Patents, and its customer lists and other records relating to such Patents or Trademarks and to the distribution of said products, to the Collateral Agent.

Section 4.3. Application of Proceeds. Subject to the terms of the Intercreditor Agreement, if any Event of Default shall have occurred and be continuing, the Collateral Agent may in its discretion apply any cash held by the Collateral Agent as Collateral, and any cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral, as provided in Section 6.10 of the Indenture.

Section 4.4. Deficiency. In the event that the proceeds of any sale, collection or realization of or upon Collateral by the Collateral Agent are insufficient to pay all Obligations and any other amounts to which the Collateral Agent is legally entitled, all Grantors shall be jointly and severally liable for the deficiency, together with interest thereon as provided in the governing Note Documents, or (if no interest is so provided) at such other rate as shall be fixed by applicable Law, together with the costs of collection and the fees of any legal counsel employed by the Collateral Agent or any other Secured Party to collect such deficiency.

Section 4.5. Indemnity and Expenses. Each Grantor hereby agrees that it will (a) indemnify the Collateral Agent and each other Secured Party from and against any and all claims, losses and liabilities arising out of or resulting from this Agreement to the extent required by Sections 7.06 and 12.13 of the Indenture and (b) pay to the Collateral Agent the amount of any and all costs and expenses required to be paid by Section 12.13 of the Indenture.

Section 4.6. Non-Judicial Remedies. In granting to the Collateral Agent the power to enforce its rights hereunder without prior judicial process or judicial hearing, each Grantor expressly waives, renounces and knowingly relinquishes any legal right which might otherwise require the Collateral Agent to enforce its rights by judicial process. In so providing for non-judicial remedies, each Grantor recognizes and concedes that such remedies are consistent with the usage of trade, are responsive to commercial

necessity, and are the result of a bargain at arm's length. Nothing herein is intended, however, to prevent the Collateral Agent from resorting to judicial process at its option.

Section 4.7. Other Recourse. Each Grantor waives any right to require the Collateral Agent or any other Secured Party to proceed against any other Person, to exhaust any Collateral or other security for the Obligations, to have any other Grantor or any Other Liable Party joined with such Grantor in any suit arising out of the Obligations or this Agreement, or to pursue any other remedy in the Collateral Agent's or such Secured Party's power. Each Grantor further waives any and all notice of acceptance of this Agreement and of the creation, modification, rearrangement, renewal or extension for any period of any of the Obligations of any other Grantor or any Other Liable Party from time to time. Each Grantor further waives any defense arising by reason of any disability or other defense of any other Grantor or any Other Liable Party or by reason of the cessation from any cause whatsoever of the liability of any other Grantor or any Other Liable Party. This Agreement shall continue as to each Grantor irrespective of the fact that the liability of any other Grantor or any Other Liable Party may have ceased and irrespective of the validity or enforceability of any other Note Document to which any Grantor or any Other Liable Party may be a party, and notwithstanding any death, incapacity, reorganization, or bankruptcy of any Grantor or any Other Liable Party or any other event or proceeding affecting any Grantor or any Other Liable Party. Until all of the Obligations shall have been paid in full, no Grantor shall have any right to subrogation and each Grantor waives the right to enforce any remedy which the Collateral Agent or any other Secured Party has or may hereafter have against any other Grantor or any Other Liable Party, and waives any benefit of and any right to participate in any other security whatsoever now or hereafter held by the Collateral Agent. Each Grantor authorizes the Collateral Agent and each other Secured Party, without notice or demand, without any reservation of rights against such Grantor, and without in any way affecting such Grantor's liability hereunder or on the Obligations from time to time to (a) take or hold any other property of any type from any other Person as security for the Obligations, and exchange, enforce, waive and release any or all of such other property, (b) apply the Collateral or such other property and direct the order or manner of sale thereof as the Collateral Agent or such Secured Party may determine in its reasonable discretion, (c) renew, extend for any period, accelerate, modify, compromise, settle or release any of the obligations of any Grantor or any Other Liable Party in respect of any or all of the Obligations or other security for the Obligations, or (d) substitute any Grantor or any Other Liable Party.

Section 4.8. Limitation on Duty of Collateral Agent in Respect of Collateral. Beyond the exercise of reasonable care in the custody thereof, Collateral Agent shall have no duty as to any Collateral in its possession or control or in the possession or control of any agent or bailee or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property, and shall not be liable or responsible for any loss or damage to any of the Collateral, or for any diminution in the value thereof, by reason of the act or omission of any warehouseman, carrier, forwarding agency, consignee or other agent or bailee selected by the Collateral Agent in good faith.

Section 4.9. Appointment of Collateral Agents. At any time or times, in order to comply with any legal requirement in any jurisdiction, Collateral Agent may appoint any bank or trust company or one or more other Persons, either to act as co-agent or co-agents, jointly with the Collateral Agent, or to act as separate agent or agents on behalf of the Collateral Agent and the other Secured Parties, with such power and authority as may be necessary for the effectual operation of the provisions hereof and may be specified in the instrument of appointment. In so doing the Collateral Agent may, in the name and on behalf of any Grantor, give to such co-agent or separate agent indemnities and other protections similar to those provided in Section 4.5. The Collateral Agent shall notify Grantors in writing of any such appointment promptly thereafter; provided that, no such notice shall be required if such appointment was made in connection with

the Collateral Agent's, or any other Secured Party's exercise of any remedies hereunder or if an Event of Default has occurred and is continuing.

ARTICLE V.

Miscellaneous

Section 5.1. Notices. Any notice or communication required or permitted hereunder shall be given in the case of any Grantor or the Collateral Agent, as provided in the Indenture.

Section 5.2. Amendments; Security Agreement Supplements. No amendment of any provision of this Agreement shall be effective unless it is in writing and signed by each Grantor and the Collateral Agent, and no waiver of any provision of this Agreement, and no consent to any departure by any Grantor therefrom, shall be effective unless it is in writing and signed by the Collateral Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given and to the extent specified in such writing. In addition, all such amendments and waivers shall be effective only if given with the necessary approvals of Holders as required in the Indenture. Upon the execution and delivery by any Person of a security agreement supplement in substantially the form of Exhibit D (each, a "Security Agreement Supplement"): (a) such Person shall be referred to as an "Additional Grantor" and shall become and be a Grantor hereunder, and each reference in this Agreement to a "Grantor" shall also mean and be a reference to such Additional Grantor, and each reference in any other Note Document to a "Grantor" or a "Guarantor" shall also mean and be a reference to such Additional Grantor; and (b) each reference herein to "this Agreement," "hereunder," "hereof" or words of like import referring to this Agreement, and each reference in any other Note Document to the "Security Agreement," "thereunder," "thereof" or words of like import referring to this Agreement, shall mean and be a reference to this Agreement as supplemented by such Security Agreement Supplement.

Section 5.3. Preservation of Rights. No failure on the part of the Collateral Agent or any other Secured Party to exercise, and no delay in exercising, any right hereunder or under any other Note Document shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. Neither the execution nor the delivery of this Agreement shall in any manner impair or affect any other security for the Obligations. The rights and remedies of the Collateral Agent provided herein and in the other Note Documents are cumulative and are in addition to, and not exclusive of, any rights or remedies provided by Law or otherwise. The rights of the Collateral Agent under any Note Document against any party thereto are not conditional or contingent on any attempt by the Collateral Agent to exercise any of its rights or exhaust any recourse under any other Note Document against such party or against any other Person.

Section 5.4. Unenforceability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or invalidity without invalidating the remaining portions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

Section 5.5. Survival of Agreements. All representations and warranties of each Grantor herein, and all covenants and agreements herein shall survive the execution and delivery of this Agreement, the execution and delivery of any other Note Documents and the creation of the Obligations.

Section 5.6. Other Liable Parties. Neither this Agreement nor the exercise by the Collateral Agent or any Secured Party or the failure of the Collateral Agent or any Secured Party to exercise any right, power or remedy conferred herein or by Law shall be construed as relieving any Grantor or any Other Liable Party from liability on the Obligations or any deficiency thereon.

Section 5.7. Offset. Subject to Article 12 of the Indenture and the terms of the Intercreditor Agreement, at any time and from time to time during the continuance of any Event of Default, each Holder is hereby authorized to foreclose upon, or to offset against the Obligations then due and payable (in either case without notice to any Grantor), any and all items constituting Collateral. The remedies of foreclosure and offset are separate and cumulative, and either may be exercised independently of the other without regard to procedures or restrictions applicable to the other.

Section 5.8. Binding Effect and Assignment. This Agreement creates a continuing security interest in the Collateral and: (a) shall be binding on each Grantor and its successors and permitted assigns; and (b) shall inure, together with all rights and remedies of the Collateral Agent hereunder, to the benefit of the Collateral Agent and the other Secured Parties and their respective successors, permitted transferees and permitted assigns. Without limiting the generality of the foregoing, the Collateral Agent and the other Secured Parties may (except as otherwise provided in the Indenture) pledge, assign or otherwise transfer any or all of their respective rights under any or all of the Note Documents to any other Person, and such other Person shall thereupon become vested with all of the benefits in respect thereof granted herein or otherwise. None of the rights or duties of any Grantor hereunder may be assigned or otherwise transferred without the prior written consent of the Collateral Agent, except in a transaction otherwise permitted by the Indenture.

Section 5.9. Termination. Subject to the terms of the Intercreditor Agreement, upon the redemption or other repayment of the Notes and the satisfaction in full of other amounts due and owing under the Indenture and the discharge, termination or expiration of the Indenture (other than indemnity obligations that survive the termination of this Agreement for which no notice of claims has been received by the Grantors), the Collateral shall be released from the Liens created hereby, and this Agreement shall terminate (other than those provisions expressly stated to survive such termination) and all rights to the Collateral shall revert to the applicable Grantor, all without delivery of any instrument or performance of any act by any party. The Collateral Agent will thereafter, subject to the terms of the Intercreditor Agreement, promptly upon any Grantor's written request and at such Grantor's expense, (a) return to such Grantor such of the Collateral in the Collateral Agent's possession as shall not have been sold or otherwise disposed of or applied pursuant to the terms hereof, and (b) execute and deliver to such Grantor such documents as such Grantor shall reasonably request to evidence such termination.

Section 5.10. Releases. If any of the Collateral shall be sold or otherwise disposed of by any Grantor in a transaction permitted by the Indenture, then the Collateral Agent, at the reasonable request and sole expense of such Grantor, shall promptly execute and deliver to such Grantor all releases or other documents reasonably necessary for the release of the Liens created hereby on such Collateral; provided, however, that Grantor shall have delivered to the Collateral Agent a written request for release describing the item of Collateral.

Section 5.11. Governing Law. **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS IN EFFECT IN THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST CREATED HEREBY HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK**.

Section 5.12. Submission to Jurisdiction; Waiver of Venue; Service of Process.

(a) Each party hereto irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the courts of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York sitting in New York County, and any

appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Note Document, or for recognition or enforcement of any judgment, and each of the parties hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable Law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Note Document shall affect any right that any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Note Document against any Grantor or its properties in the courts of any jurisdiction.

(b) Each party hereto irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement or any other Note Document in any court referred to in paragraph (a) of this Section. Each party hereto hereby agrees that Sections 5-1401 and 5-1402 of the General Obligations Law of the State of New York shall apply to the Note Documents and irrevocably waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party hereto consents to process being served in any action or proceeding of the nature referred to in paragraph (a) of this Section by mailing a copy thereof by registered or certified mail to such Grantor at its address set forth in Section 5.1. Each party hereto agrees that such service of process (i) shall be deemed in every respect effective and binding service of process upon such party in any such action or proceeding and (ii) shall, to the fullest extent permitted by Law, be taken and held to be valid personal service upon and personal delivery to such party. Nothing herein shall affect the right of any party hereto to serve process in any other manner permitted by law or shall limit the right of the parties hereto to bring proceedings against any other party hereto in the courts of any other jurisdiction.

Section 5.13. Waiver of Jury Trial. **EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER NOTE DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PERSON HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PERSON WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO AND THE SECURED PARTIES HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER NOTE DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.**

Section 5.14. Final Agreement. **THIS WRITTEN AGREEMENT AND THE OTHER NOTE DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES HERETO.**

Section 5.15. Pledged ULC Shares. Each Grantor acknowledges that certain of the Collateral of such Grantor may now or in the future consist of ULC Shares, and that it is the intention of the Collateral Agent and each Grantor that neither the Collateral Agent nor any other Secured Party should under any circumstances prior to realization thereon be held to be a "member" or a "shareholder", as applicable, of a ULC for the purposes of any ULC Laws. Notwithstanding any provisions to the contrary contained in this

Agreement or any other Note Document, any Grantor who is the holder of shares ("Pledged ULC Shares") of an unlimited liability corporation or an unlimited company organized under the laws of a province of Canada (in either case, a "ULC") is the sole registered and beneficial owner of such Pledged ULC Shares and will remain so until such time as any of such Pledged ULC Shares are fully and effectively transferred into the name of the Collateral Agent or any Secured Party or any other person on the books and records of such ULC. Accordingly, each Grantor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, in respect of such Pledged ULC Shares (except for any dividend or distribution comprised of all Collateral of such Grantor that is a Security, which shall be delivered to the Collateral Agent to hold hereunder to the extent otherwise required hereby) and shall have the right to vote such Pledged ULC Shares and to control the direction, management and policies of the applicable ULC to the same extent as such Grantor would if such Pledged ULC Shares were not pledged to the Collateral Agent pursuant hereto. Nothing in this Agreement, the Indenture or any other Note Document is intended to, and nothing in this Agreement, the Indenture or any other Note Document shall, constitute the Collateral Agent, any other Secured Party, or any other Person other than the applicable Grantor, a member or shareholder of a ULC for the purposes of any ULC Laws (whether listed or unlisted, registered or beneficial), until such time as notice is given to such Grantor and further steps are taken pursuant hereto or thereto so as to register the Collateral Agent, any other Secured Party, or such other Person, as specified in such notice, as the holder of the Pledged ULC Shares. To the extent any provision hereof would have the effect of constituting the Collateral Agent or any other Secured Party as a member or a shareholder, as applicable, of any ULC prior to such time, such provision shall be severed herefrom and shall be ineffective with respect to Pledged ULC Shares which are Collateral of any Grantor without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral of any Grantor which is not Pledged ULC Shares. Except upon the exercise of rights of the Collateral Agent to sell, transfer or otherwise dispose of Pledged ULC Shares following the occurrence and during the continuance of an Event of Default and in accordance with this Agreement, each Grantor shall not cause or permit, or enable a ULC in which they hold Pledged ULC Shares to cause or permit, the Collateral Agent or any other Secured Party to: (a) be registered as a shareholder or member of any such Person which is at such time an issuer with respect to any Collateral that is a Security or Entitlement; (b) have any notation entered in their favor in the share register of such ULC in which they hold Pledged ULC Shares; (c) be held out as shareholders or members of such ULC in which they hold Pledged ULC Shares; (d) receive, directly or indirectly, any dividends, property or other distributions from such ULC in which they hold Pledged ULC Shares by reason of the Collateral Agent holding the Security Interests over the Pledged ULC Shares; or (e) act as a shareholder of such ULC in which they hold Pledged ULC Shares, or exercise any rights of a shareholder including the right to attend a meeting of shareholders of such ULC in which they hold Pledged ULC Shares or to vote its Pledged ULC Shares.

Section 5.16. Counterparts. This Agreement may be separately executed in any number of counterparts (including by facsimile transmission), all of which when so executed shall be deemed to constitute one and the same Agreement.

Section 5.17. Intercreditor Agreement Governs. Reference is made to the Intercreditor Agreement dated as of February 14, 2018 (as amended, restated, supplemented or otherwise modified from time to time, the "Intercreditor Agreement"), among Royal Bank of Canada, as ABL Collateral Agent (as defined therein), The Bank of New York Mellon, as Term Debt Representative and U.S. Collateral Trustee (each as defined therein), BNY Trust Company Of Canada as Term Debt Representative and Canadian Collateral Agent (each as defined therein), Swan Equity Sub-Aggregator LP and Swan GP LLC, as Parent Affiliates (as defined therein), Rockpoint Gas Storage Partners LP and AECO Gas Storage Partnership, as Borrowers (as defined therein), the Issuer and each other party from time to time party thereto. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to this Agreement and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties are subject to the provisions of the

Intercreditor Agreement. In the event of any conflict or inconsistency between the provisions of the Intercreditor Agreement and this Agreement, the provisions of the Intercreditor Agreement shall control.

Section 5.18. Requests; Rights of the Collateral Agent.

(a) Any request by the ABL Collateral Agent under the ABL Security Agreement in connection with perfecting or securing any interest in any Collateral, including after-acquired Collateral, shall be deemed to have also been made by the Collateral Agent under the equivalent provision of this Agreement, if such an equivalent right is provided for hereunder.

(b) The Collateral Agent shall have such rights, duties, obligations and privileges as are set forth in Article 12 of the Indenture and such provisions are deemed to be incorporated by reference herein.

(*Remainder of Page Intentionally Left Blank; Signature Pages Follow*)

IN WITNESS WHEREOF, each Grantor has executed and delivered this Agreement as of the date first above written.

ROCKPOINT GAS STORAGE PARTNERS LP

By: Swan GP LLC,
its general partner

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

COASTAL BEND GAS STORAGE, LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE MANAGEMENT LLC

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE US, LLC

By:
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GAS STORAGE US FINANCE CORP.

By:
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT PARTNERS MANAGEMENT US INC.

By:
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT GS HOLDINGS I, LP

By: Rockpoint US GP LLC,
its general partner

By:
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT US GP LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

SALT PLAINS STORAGE, LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

STARKS GAS STORAGE L.L.C.

By:

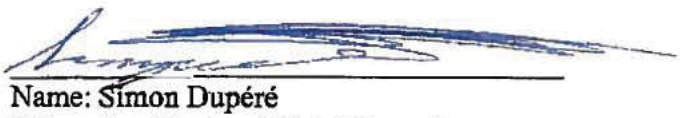
Name: Simon Dupéré
Title: President and Chief Executive Officer

ROCKPOINT MIDSTREAM LLC

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

WILD GOOSE STORAGE, LLC

By: 

Name: Simon Dupéré
Title: President and Chief Executive Officer

LODI GAS STORAGE, L.L.C.

By:

Name: Simon Dupéré
Title: President and Chief Executive Officer

Very truly yours,

THE BANK OF NEW YORK MELLON,
as U.S. Collateral Agent

By: _____
Name: Elizabeth Stern
Title: Vice President

Schedule 3.1(d)
Grantor's Legal Names; Grantor's Location

Name	Location
Rockpoint Gas Storage Partners LP	Delaware
Rockpoint US GP LLC	Delaware
Rockpoint GS Holdings I, LP	Delaware
Rockpoint Gas Storage US, LLC	Delaware
Rockpoint Midstream LLC	Delaware
Rockpoint Gas Storage LLC	Delaware
Wild Goose Storage, LLC	Delaware
Starks Gas Storage L.L.C.	Delaware
Salt Plains Storage, LLC	Delaware
Coastal Bend Gas Storage, LLC	Delaware
Rockpoint Partners Management US Inc.	Delaware
Rockpoint Gas Storage US Finance Corp.	Delaware
Rockpoint Gas Storage Management LLC	Delaware
Lodi Gas Storage, L.L.C.	Delaware

Schedule 3.1(f)
Investment Property

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Rockpoint US GP LLC	Rockpoint Gas Storage Partners LP	sole membership interest	N/A
Rockpoint GS Holdings I, LP	Rockpoint Gas Storage Partners LP	limited partnership interest - 99.999%	N/A
Rockpoint GS Holdings I, LP	Rockpoint US GP LLC	general partnership interest - 0.001%	N/A
Rockpoint Gas Storage Management LLC	Rockpoint Gas Storage Partners LP	sole membership interest	N/A
Rockpoint Gas Storage US, LLC	Rockpoint GS Holdings I, LP	sole membership interest	N/A
Rockpoint Gas Storage LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Midstream LLC	Rockpoint Gas Storage US LLC	sole membership interest	N/A
Rockpoint Gas Storage US Finance Corp.	Rockpoint Gas Storage LLC	1,000 Common Stock Shares	N/A
Salt Plains Storage, LLC	Rockpoint Gas Storage LLC	sole membership interest	N/A
Rockpoint Partners Management US Inc.	Rockpoint Gas Storage LLC	1,000 Common Stock Shares	N/A
Starks Gas Storage L.L.C.	Rockpoint Gas Storage LLC	sole membership interest	N/A
Coastal Bend Gas Storage, LLC	Rockpoint Gas Storage LLC	sole membership interest	N/A
Rockpoint Gas Storage Canada Ltd.	Rockpoint Gas Storage Partners LP	181,328,136 common shares	7
AECO Gas Storage Partnership	Rockpoint Gas Storage Canada Ltd.	partnership interest - 99.999%	N/A
AECO Gas Storage Partnership	Rockpoint Canada GP ULC	partnership interest - 0.001%	N/A

Subsidiary	Owner	Nature of Investment Property (preferred stock, etc.)	Certificate No. (if applicable)
Rockpoint Gas Storage Canada Finance Corp.	Rockpoint Gas Storage Canada Ltd.	1,000 Class "A" Common Shares	3AC
Access Gas Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares and 1,000 Preferred Shares	A-7 and 3-P
Access Gas Services (Ontario) Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	2
EnerStream Agency Services Inc.	AECO Gas Storage Partnership	100 Class "A" Common Shares	2
Lodi Gas Storage, L.L.C.	BIF II CalGas (Delaware) LLC	partnership interest - 100%	N/A
Wild Goose Storage, LLC	Rockpoint Gas Storage US, LLC	sole membership interest	N/A
Rockpoint Gas Storage Partners LP	Swan Equity Sub-Aggregator LP	partnership interest - 99.999%	N/A
Rockpoint Gas Storage Partners LP	Swan GP LLC	partnership interest - 0.001%	N/A
Rockpoint Canada GP ULC	Rockpoint Gas Storage Canada Ltd.	10,000 common shares	3C
Tres Palacios Holdings LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	membership interest	N/A
BIF II Tres Palacios Storage (Delaware) LLC	BIF II Tres Palacios Aggregator (Delaware) LLC	sole membership interest	N/A

Intercompany Notes

None.

Schedule 3.1(g)
Approved Accounts

Bank	Account Owner	Account Number	Account Type
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

[redacted]	[redacted]	[redacted]	[redacted]
		[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]

Schedule 3.1(h)
Commercial Tort Claims

None.

EXHIBIT A
to
SECURITY AGREEMENT

PATENT SECURITY AGREEMENT

(PATENTS, PATENT APPLICATIONS AND PATENT LICENSES)

WHEREAS, [Name of Grantor] (herein called "Grantor") owns certain "Patents" (as defined below) and is a party to certain "Patent Licenses" (as defined below); and

WHEREAS, Rockpoint Gas Storage Canada Ltd., an Alberta corporation, The Bank of New York Mellon, as Trustee and Collateral Agent (in such capacity, "Collateral Agent" or "Grantee"), BNY Trust Company of Canada and the Guarantors parties thereto have entered into an Indenture dated as of February 14, 2018 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Indenture"); and

WHEREAS, pursuant to the terms of the Notes Security Agreement (U.S.), dated as of February 14, 2018, between Grantor, certain affiliates of Grantor and Grantee (herein, as from time to time amended, supplemented, or restated, called the "Security Agreement"). Grantor has granted to Grantee for the benefit of the Secured Parties (as defined in the Security Agreement) a continuing security interest in various assets of Grantor, including all right, title and interest of Grantor in, to and under the Patent Collateral (as defined herein) whether now owned or existing or hereafter acquired or arising, to secure Grantor's Obligations (as such term is defined in the Indenture);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants to Grantee a continuing security interest, for the benefit of the Secured Parties (as such term is defined in the Security Agreement), in and to all of Grantor's right, title and interest in and to all of the following property (all of the following items or types of property being herein collectively referred to as the "Patent Collateral"), whether now owned or existing or hereafter acquired or arising, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of Grantor's Obligations, whether now existing or hereafter incurred or arising:

(a) each Patent (including each design patent and patent application) in which Grantor has any interest;

(b) each Patent License; and

(c) all proceeds of and revenues from the foregoing, including without limitation all proceeds of and revenues from any claim by Grantor against third parties for past, present or future infringement of any Patent (including without limitation any design patent and any Patent issuing from any application referred to in Schedule 1 hereto) and all rights and benefits of Grantor under any Patent License.

As used herein:

"Patent License" means any license or other agreement, whether now or hereafter in existence, under which is granted or authorized any right with respect to any Patent or any invention now or hereafter in existence, whether patentable or not, whether a patent or application for patent is in existence on such invention or not, and whether a patent or application for patent on such invention may come into existence, including without limitation the agreements identified in Schedule 1 hereto.

"Patents" means all the following: (a) all letters patent and design letters patent of the United States or any other country and all applications for letters patent and design letters patent of the United States or any other country, including applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including without limitation those described in Schedule 1 hereto, (b) all reissues, divisions, continuations, continuations-in-part, renewals and extensions thereof, (c) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (d) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

Grantor hereby irrevocably constitutes and appoints Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of Grantor or in its name, from time to time, in Grantee's discretion, so long as any "Event of Default" (as such term is defined in the Indenture) has occurred and is continuing, subject to the terms of the Intercreditor Agreement, to take with respect to the Patent Collateral any and all appropriate action which Grantor might take with respect to the Patent Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Patent Security Agreement and to accomplish the purposes hereof.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

This Patent Security Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Grantor has caused this Patent Security Agreement to be duly executed by its officer thereunto duly authorized as of the ____ day of _____, 20____.

[Name of Grantor]

By: _____
Name:
Title:

Acknowledged:

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
Name:
Title:

Schedule 1

Patents

Grantor	Jurisdiction	Title of Patent	Application Number	Filing Date	Patent Number	Issue Date

Patent Licenses

Grantor	Title of Patent License	Patent Number (or Application Number) of underlying Patent	Name of Licensor

EXHIBIT B
to
SECURITY AGREEMENT

COPYRIGHT SECURITY AGREEMENT

(COPYRIGHTS, COPYRIGHT REGISTRATIONS, COPYRIGHT APPLICATIONS AND COPYRIGHT LICENSES)

WHEREAS, [Name of Grantor] (herein called "Grantor") owns certain "Copyrights" (as defined below) and is a party to certain "Copyright Licenses" (as defined below); and

WHEREAS, Rockpoint Gas Storage Canada Ltd., an Alberta corporation, The Bank of New York Mellon, as Trustee and Collateral Agent (in such capacity, "Collateral Agent" or "Grantee"), BNY Trust Company of Canada and the Guarantors parties thereto have entered into an Indenture dated as of February 14, 2018 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Indenture"); and

WHEREAS, pursuant to the terms of the Notes Security Agreement (U.S.), dated as of February 14, 2018, between Grantor, certain affiliates of Grantor and Grantee (herein, as from time to time amended, supplemented, or restated, called the "Security Agreement"), Grantor has granted to Grantee for the benefit of the Secured Parties (as defined in the Security Agreement) a continuing security interest in various assets of Grantor, including all right, title and interest of Grantor in, to and under the Copyright Collateral (as defined herein) whether now owned or existing or hereafter acquired or arising, to secure Grantor's Obligations (as such term is defined in the Indenture);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants to Grantee a continuing security interest, for the benefit of the Secured Parties (as such term is defined in the Security Agreement), in and to all of Grantor's right, title and interest in and to all of the following property (all of the following items or types of property being herein collectively referred to as the "Copyright Collateral"), whether now owned or existing or hereafter acquired or arising, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of Grantor's Obligations, whether now existing or hereafter incurred or arising:

(a) each Copyright in which Grantor has any interest;

(b) each Copyright License; and

(c) all proceeds of and revenues from the foregoing, including without limitation all proceeds of and revenues from any claim by Grantor against third parties for past, present or future infringement of any Copyright, and all rights and benefits of Grantor under any Copyright License.

As used herein:

"Copyright License" means any license or other agreement, whether now or hereafter in existence, under which is granted or authorized any right to use, copy, reproduce, distribute, prepare derivative works, display or publish any records or other materials on which a Copyright is in existence or may come into existence, including without limitation the agreements identified in Schedule 1 hereto.

"Copyrights" means all the following: (a) all copyrights under the laws of the United States or any other country (whether or not the underlying works of authorship have been published), all registrations and recordings thereof, all intellectual property rights to works of authorship (whether or not published), and all application for copyrights under the laws of the United States or any other country, including without limitation registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including without limitation those described in Schedule 1 hereto, (b) all reissues, renewals and extensions thereof, (c) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (d) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including without limitation damages and payments for past or future infringements thereof.

Grantor hereby irrevocably constitutes and appoints Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of Grantor or in its name, from time to time, in Grantee's discretion, so long as any "Event of Default" (as such term is defined in the Indenture) has occurred and is continuing, subject to the terms of the Intercreditor Agreement, to take with respect to the Copyright Collateral any and all appropriate action which Grantor might take with respect to the Copyright Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Copyright Security Agreement and to accomplish the purposes hereof.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Copyright Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

This Copyright Security Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Grantor has caused this Copyright Security Agreement to be duly executed by its officer thereunto duly authorized as of the ____ day of _____, 20_____.

[Name of Grantor]

By: _____
Name:
Title:

Acknowledged:

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
Name:
Title:

Schedule 1

Copyrights

None.

Grantor	Jurisdiction	Title	Application Number	Application Date	Registration Number	Registration Date

Copyright Licenses

Grantor	Title of Copyright License	Registration Number (if any) of underlying Copyright	Name of Licensor

EXHIBIT C
to
SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT

(TRADEMARKS, TRADEMARK REGISTRATIONS, TRADEMARK APPLICATIONS AND TRADEMARK LICENSES)

WHEREAS, [Name of Grantor] (herein called "Grantor") owns certain "Trademarks" (as defined below) and is a party to certain "Trademark Licenses" (as defined below); and

WHEREAS, Rockpoint Gas Storage Canada Ltd., an Alberta corporation, The Bank of New York Mellon, as Trustee and Collateral Agent (in such capacity, "Collateral Agent" or "Grantee"), BNY Trust Company of Canada and the Guarantors parties thereto have entered into an Indenture dated as of February 14, 2018 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Indenture"); and

WHEREAS, pursuant to the terms of the Notes Security Agreement (U.S.), dated as February 14, 2018, between Grantor, certain affiliates of Grantor and Grantee (herein, as from time to time amended, supplemented, or restated, called the "Security Agreement"). Grantor has granted to Grantee for the benefit of the Secured Parties (as defined in the Security Agreement) a continuing security interest in various assets of Grantor, including all right, title and interest of Grantor in, to and under the Trademark Collateral (as defined herein) whether now owned or existing or hereafter acquired or arising, to secure Grantor's Obligations (as such term is defined in the Indenture);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants to Grantee a continuing security interest, for the benefit of the Secured Parties (as such term is defined in the Security Agreement), in and to all of Grantor's right, title and interest in and to all of the following property (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter acquired or arising, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of Grantor's Obligations, whether now existing or hereafter incurred or arising:

(a) each Trademark in which Grantor has any interest, and all of the goodwill of the business connected with the use of, or symbolized by, each such Trademark;

(b) each Trademark License, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark licensed pursuant thereto; and

(c) all proceeds of and revenues from the foregoing, including without limitation all proceeds of and revenues from any claim by Grantor against third parties for past, present or future unfair competition with, or violation of intellectual property rights in connection with or injury to, or infringement or dilution of, any Trademark, and all rights and benefits of Grantor under any Trademark License, or for injury to the goodwill associated with any of the foregoing.

As used herein:

"Trademark License" means any license or agreement, whether now or hereafter in existence, under which is granted or authorized any right to use any Trademark, including without limitation the agreements identified on Schedule 1 hereto.

"Trademarks" means all of the following: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of the foregoing have appeared or appear, package and other designs, and any other source or business identifiers, and the rights in any of the foregoing which arise under applicable Law, (b) the goodwill of the business symbolized thereby or associated with each of them, (c) all registrations and applications in connection therewith, including registrations and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 hereto, (d) all reissues, extensions and renewals thereof, (e) all claims for, and rights to sue for, past or future infringements of any of the foregoing, and (f) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

Grantor hereby irrevocably constitutes and appoints Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of Grantor or in its name, from time to time, in Grantee's discretion, so long as any "Event of Default" (as such term is defined in the Indenture) has occurred and is continuing, subject to the terms of the Intercreditor Agreement, to take with respect to the Trademark Collateral any and all appropriate action which Grantor might take with respect to the Trademark Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Trademark Security Agreement and to accomplish the purposes hereof.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

This Trademark Security Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Grantor has caused this Trademark Security Agreement to be duly executed by its officer thereunto duly authorized as of the ____ day of _____, 20_____.

[Name of Grantor]

By: _____
Name:
Title:

Acknowledged:

THE BANK OF NEW YORK MELLON, as Collateral Agent

By: _____
Name:
Title:

Schedule 1

Trademarks

Grantor	Jurisdiction	Mark	Serial Number	Filing Date	Registration Number	Registration Date
Salt Plains Storage LLC	United States	SALT PLAINS	78070844	June 25, 2001	2642964	October 29, 2002
Wild Goose Storage, LLC	Canada	WILD GOOSE STORAGE INC. & DESIGN	0830360	November 29, 1996	TMA487,492	December 12, 1997

Trademark Licenses

Grantor	Title of Trademark License	Registration Number (or Application Number) of underlying Trademark	Name of Licensor

EXHIBIT D
to
SECURITY AGREEMENT

FORM OF SECURITY AGREEMENT SUPPLEMENT

_____, 20_____

The Bank of New York Mellon, as Collateral Agent
[●]

Attention: [●]
Telephone: [●]
Telecopier: [●]

Re: Indenture dated as of February 14, 2018 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Indenture"), among ROCKPOINT GAS STORAGE CANADA LTD., an Alberta corporation (the "Issuer"), THE BANK OF NEW YORK MELLON, as Trustee and U.S. Collateral Agent, BNY TRUST COMPANY OF CANADA, as Canadian Collateral Agent (in such capacities, the "Collateral Agent"), and the Guarantors parties thereto.

Ladies and Gentlemen:

Reference is made to the Indenture referred to above and to the Notes Security Agreement (U.S.), dated as of February 14, 2018, executed by Rockpoint Parent Guarantor and the other Grantors from time to time party thereto in favor of Collateral Agent, for the benefit of the Secured Parties (as heretofore amended, supplemented, restated or otherwise modified from time to time, the "Original Security Agreement"; such Original Security Agreement, as in effect on the date hereof and as it may hereafter be amended, supplemented, restated or otherwise modified from time to time, together with this Security Agreement Supplement, being the "Security Agreement"). The capitalized terms defined in the Security Agreement and not otherwise defined herein are used herein as therein defined.

Section 1. Grant of Security Interest. The undersigned (herein called the "Additional Grantor") hereby pledges, collaterally assigns and grants to Collateral Agent a continuing security interest (except that any Collateral consisting of Pledged ULC Shares shall only be subject to a security interest), for the benefit of the Secured Parties, in and to all of such Additional Grantor's right, title and interest in and to all of the following property, whether now owned or existing or hereafter acquired or arising and regardless of where located, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Additional Grantor's Obligations, whether now existing or hereafter incurred or arising:

(a) all Accounts;

(b) all As-Extracted Collateral;

(c) all Chattel Paper (including, without limitation, Electronic Chattel Paper);

(d) all Commercial Tort Claims described on Schedule 3.1(h) of Annex A attached hereto (as such schedule may be updated from time to time in accordance with Section 3.2(h) of the Security Agreement);

(e) all Commodity Accounts;

(f) all Commodity Contracts;

(g) all Contracts;

(h) all Deposit Accounts;

(i) all Documents;

(j) all Financial Assets;

(k) all Fixtures;

(l) all General Intangibles;

(m) all Goods (including, without limitation, all Equipment and Inventory);

(n) all Instruments;

(o) all Intellectual Property;

(p) all Investment Property;

(q) all Letters of Credit;

(r) all Letter-of-Credit Rights

(s) all Money;

(t) all Payment Intangibles;

(u) all Receivables, to the extent not otherwise described above;

(v) all Securities (including Certificated Securities and Uncertificated Securities);

(w) all Securities Accounts;

(x) all Securities Entitlements;

(y) all Software;

(z) all Supporting Obligations;

(aa) all books and Records pertaining to the other property described in this Section 1;

(bb) to the extent not otherwise described in this Section 1, all Natural Gas and, to the extent not otherwise describe in this Section 1, all Fixed Assets;

(cc) to the extent not otherwise described in this Section 1, all Proceeds, products, accessions, rents and profits of or in respect of any and all of the foregoing and all collateral security and guarantees given by any Person to or in favor of any Grantor with respect to any of the foregoing,

provided, notwithstanding anything to the contrary contained in clauses (a) through (cc) above, (x) the security interest created by this Agreement shall not extend to, and the term "Collateral" shall not include, any Excluded Collateral, and (y) the security interest over the Collateral shall be subject to release or subordination in accordance with the provisions of Section 5.10 of the Security Agreement.

The granting of the foregoing security interest in respect of Pledged ULC Shares does not make Collateral Agent or any Secured Party a successor to such Grantor as a member or shareholder of any ULC, and neither Collateral Agent, any Secured Party nor any of their respective successors or assigns hereunder shall be deemed to have become a member or shareholder of any ULC by accepting this Agreement or exercising any right granted herein unless and until such time, if any, when Collateral Agent or any such successor or assign expressly becomes a registered member or shareholder of any ULC after a foreclosure upon any such Pledged ULC Shares. Notwithstanding anything herein to the contrary (except to the extent, if any, that Collateral Agent or any of its successors or assigns hereafter expressly becomes a registered member or shareholder of any ULC), neither Collateral Agent nor any Secured Party nor any of their respective successors or assigns shall be deemed to have assumed or otherwise become liable for any debts or obligations of any ULC or of any Grantor to any ULC or under any Organization Documents with respect to any ULC.

In each case, the foregoing property shall be covered by this Agreement, whether such Additional Grantor's ownership or other rights therein are presently held or hereafter acquired and howsoever Additional Grantor's interests therein may arise or appear (whether by ownership, security interest, claim or otherwise).

Additional Grantor hereby acknowledges that the Obligations are owed to the Secured Parties and that Collateral Agent, as agent for the Secured Parties, is entitled to the benefits of the Liens given under the Security Agreement.

Section 2. Obligations Under the Security Agreement. Additional Grantor hereby agrees, as provided in Section 5.2 of the Security Agreement, as of the date first above written, to be bound as a Grantor by all of the terms and conditions of the Security Agreement to the same extent as each of the other Grantors thereunder. The undersigned further agrees, as of the date first above written, that each reference in the Security Agreement to an "Additional Grantor" or a "Grantor" shall also mean and be a reference to the undersigned, and each reference in any other Note Document to a "Grantor" or a "Guarantor" shall also mean and be a reference to the undersigned. The information set forth in Annex A hereto is hereby added to the information set forth in Schedules _____[1] to the Security Agreement.

Section 3. Representations, Warranties and Covenants. The undersigned hereby (a) represents and warrants that each representation and warranty set forth in Section 3.1 of the Security Agreement (assuming that all references in such Section 3.1 to a specific date refer to the date hereof) is true and correct in all material respects insofar as it refers to the undersigned (with no duplication of a materiality qualifier) and (b) undertakes each covenant obligation set forth in Section 3.2 of the Security Agreement, in each case to the same extent as each other Grantor.

Section 4. Intercreditor Agreement Governs. Reference is made to the Intercreditor Agreement. Notwithstanding anything herein to the contrary, the lien and security interest granted to the Collateral Agent, for the benefit of the Secured Parties, pursuant to this Security Agreement Supplement and the exercise of any right or remedy by the Collateral Agent and the other Secured Parties are subject to the provisions of the Intercreditor Agreement. In the event of any conflict or inconsistency between the

[1] Refer to each Schedule which needs to be supplemented.

provisions of the Intercreditor Agreement and this Security Agreement Supplement, the provisions of the Intercreditor Agreement shall control.

Section 5. **GOVERNING LAW. THIS SECURITY AGREEMENT SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCEPT AS REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE SECURITY INTEREST CREATED HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN SUCH STATE**.

(*Remainder of Page Intentionally Left Blank; Signature Page Follows*)

IN WITNESS WHEREOF, the undersigned has caused this Security Agreement Supplement to be executed and delivered by its officer thereunto duly authorized, as of the date first above written.

Very truly yours,

[NAME OF ADDITIONAL DEBTOR]

By: _____
Name:
Title:

NOTES TRADEMARK SECURITY AGREEMENT

Dated: February 14, 2018

(TRADEMARKS, TRADEMARK REGISTRATIONS, TRADEMARK APPLICATIONS AND TRADEMARK LICENSES)

WHEREAS, Rockpoint Gas Storage Canada Ltd. (successor to Niska Gas Storage Canada, ULC) (herein called the "Grantor") own certain "Trademarks" (as defined below) and is party to certain "Trademark Licenses" (as defined below); and

WHEREAS, Rockpoint Gas Storage Canada Ltd., an Alberta corporation, BNY Trust Company of Canada, as Canadian notes collateral agent (in such capacity, "Collateral Agent" or "Grantee") and the Guarantors parties thereto have entered into an Indenture dated as of February 14, 2018 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Indenture"); and

WHEREAS, pursuant to the terms of the Canadian General Security Agreement, dated as of February 14, 2018, among the Grantor, certain affiliates of the Grantor and the Grantee (herein, as from time to time amended, supplemented, or restated, called the "Security Agreement"). Grantor has granted to Grantee for the benefit of itself and the other Term Debt Holders (as defined in the Security Agreement) a continuing security interest in various assets of such Grantor, including all right, title and interest of such Grantor in, to and under the Trademark Collateral (as defined herein) whether now owned or existing or hereafter acquired or arising, to secure such Grantor's Obligations (as such term is defined in the Indenture);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby grants to Grantee a continuing security interest, for the benefit of itself and the other Term Debt Holders (as such term is defined in the Security Agreement), in and to all of Grantor's right, title and interest in and to all of the following property (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter acquired or arising, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations, whether now existing or hereafter incurred or arising:

(a) each Trademark in which Grantor has any interest, and all of the goodwill of the business connected with the use of, or symbolized by, each such Trademark;

(b) each Trademark License, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark licensed pursuant thereto; and

(c) all proceeds of and revenues from the foregoing, including without limitation all proceeds of and revenues from any claim by Grantor against third parties for past, present or future unfair competition with, or violation of intellectual property rights in connection with or injury to, or infringement or dilution of, any Trademark, and all rights and benefits of Grantor under any Trademark License, or for injury to the goodwill associated with any of the foregoing.

As used herein:

"Trademark License" means any license or agreement, whether now or hereafter in existence, under which is granted or authorized any right to use any Trademark, including without limitation the agreements identified on Schedule 1 hereto.

"Trademarks" means all of the following: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of the foregoing have appeared or appear, package and other designs, and any other source or business identifiers, and the rights in any of the foregoing which arise under applicable Law, (b) the goodwill of the business symbolized thereby or associated with each of them, (c) all registrations and applications in connection therewith, including registrations and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 hereto, (d) all reissues, extensions and renewals thereof, (e) all claims for, and rights to sue for past or future infringements of any of the foregoing, and (f) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

Grantor hereby irrevocably constitutes and appoints Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of Grantor or in its name, from time to time, in Grantee's discretion, so long as any "Event of Default" (as such term is defined in the Indenture) has occurred and is continuing, subject to the terms of the Intercreditor Agreement, to take with respect to the Trademark Collateral any and all appropriate action which Grantor might take with respect to the Trademark Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Trademark Security Agreement and to accomplish the purposes hereof.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

This Notes Trademark Security Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, Grantor has caused this Notes Trademark Security Agreement to be duly executed by its officer thereunto duly authorized as of the date first written above.

ROCKPOINT GAS STORAGE LTD., as a grantor

By:_____
Name: Simon Dupéré
Title: President and Chief Executive Officer

Acknowledged:

BNY TRUST COMPANY OF CANADA,
as Canadian Notes Collateral Agent

By: _____
Name: Bret S. Derman
Title: Authorized Signing Officer

Schedule 1

Trademarks

Grantor	Jurisdiction	Mark	Serial Number	Filing Date	Registration Number	Registration Date
Rockpoint Gas Storage Canada Ltd. (successor to Niska Gas Storage Canada, ULC)	United States	NISKA GAS STORAGE	78867829	April 24, 2006	3,370,672	January 15, 2008

NOTES TRADEMARK SECURITY AGREEMENT

Dated: February 14, 2018

(TRADEMARKS, TRADEMARK REGISTRATIONS, TRADEMARK APPLICATIONS AND TRADEMARK LICENSES)

WHEREAS, Salt Plains Storage, LLC and Wild Goose Storage, LLC (herein called the "Grantors" and, each individually, a "Grantor") own certain "Trademarks" (as defined below) and are party to certain "Trademark Licenses" (as defined below); and

WHEREAS, Rockpoint Gas Storage Canada Ltd., an Alberta corporation, The Bank of New York Mellon, as Trustee and U.S. Collateral Agent (in such capacity, "Collateral Agent" or "Grantee") and the Guarantors parties thereto have entered into an Indenture dated as of February 14, 2018 (as from time to time amended, supplemented, restated, increased, extended or otherwise modified, the "Indenture"); and

WHEREAS, pursuant to the terms of the Notes Security Agreement (U.S.), dated as of February 14, 2018, among the Grantors, certain affiliates of the Grantors and the Grantee (herein, as from time to time amended, supplemented, or restated, called the "Security Agreement"). Each Grantor has granted to Grantee for the benefit of the Secured Parties (as defined in the Security Agreement) a continuing security interest in various assets of such Grantor, including all right, title and interest of such Grantor in, to and under the Trademark Collateral (as defined herein) whether now owned or existing or hereafter acquired or arising, to secure such Grantor's Obligations (as such term is defined in the Indenture);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor hereby grants to Grantee a continuing security interest, for the benefit of the Secured Parties (as such term is defined in the Security Agreement), in and to all of such Grantor's right, title and interest in and to all of the following property (all of the following items or types of property being herein collectively referred to as the "Trademark Collateral"), whether now owned or existing or hereafter acquired or arising, as collateral security for the prompt and complete payment and performance when due (whether at the stated maturity, by acceleration or otherwise) of such Grantor's Obligations, whether now existing or hereafter incurred or arising:

(a) each Trademark in which such Grantor has any interest, and all of the goodwill of the business connected with the use of, or symbolized by, each such Trademark;

(b) each Trademark License, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark licensed pursuant thereto; and

(c) all proceeds of and revenues from the foregoing, including without limitation all proceeds of and revenues from any claim by such Grantor against third parties for past, present or future unfair competition with, or violation of intellectual property rights in connection with or injury to, or infringement or dilution of, any Trademark, and all rights and benefits of such Grantor under any Trademark License, or for injury to the goodwill associated with any of the foregoing.

As used herein:

"Trademark License" means any license or agreement, whether now or hereafter in existence, under which is granted or authorized any right to use any Trademark, including without limitation the agreements identified on Schedule 1 hereto.

"Trademarks" means all of the following: (a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of the foregoing have appeared or appear, package and other designs, and any other source or business identifiers, and the rights in any of the foregoing which arise under applicable Law, (b) the goodwill of the business symbolized thereby or associated with each of them, (c) all registrations and applications in connection therewith, including registrations and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or other country, or any political subdivision thereof, including those described in Schedule 1 hereto, (d) all reissues, extensions and renewals thereof, (e) all claims for, and rights to sue for past or future infringements of any of the foregoing, and (f) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

Each Grantor hereby irrevocably constitutes and appoints Grantee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of such Grantor or in its name, from time to time, in Grantee's discretion, so long as any "Event of Default" (as such term is defined in the Indenture) has occurred and is continuing, subject to the terms of the Intercreditor Agreement, to take with respect to the Trademark Collateral any and all appropriate action which such Grantor might take with respect to the Trademark Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Trademark Security Agreement and to accomplish the purposes hereof.

This security interest is granted in conjunction with the security interests granted to Grantee pursuant to the Security Agreement. Each Grantor does hereby further acknowledge and affirm that the rights and remedies of Grantee with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

This Notes Trademark Security Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, each Grantor has caused this Notes Trademark Security Agreement to be duly executed by its officer thereunto duly authorized as of the date first written above.

SALT PLAINS STORAGE, LLC, as a grantor

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

WILD GOOSE STORAGE, LLC, as a grantor

By: _____
Name: Simon Dupéré
Title: President and Chief Executive Officer

Acknowledged:

THE BANK OF NEW YORK MELLON, as U.S. Collateral Agent

By: _____

Name: Elizabeth Stern

Title: Vice President

Schedule 1

Trademarks

Grantor	Jurisdiction	Mark	Serial Number	Filing Date	Registration Number	Registration Date
Salt Plains Storage LLC	United States	SALT PLAINS	78070844	June 25, 2001	2642964	October 29, 2002
Wild Goose Storage, LLC	Canada	WILD GOOSE STORAGE INC. & DESIGN	0830360	November 29, 1996	TMA487,492	December 12, 1997

EXHIBIT JA-9

[PUBLIC VERSION]

WILD GOOSE 2017–2018 OPERATING COST ESTIMATES

THIS EXHIBIT IS CONFIDENTIAL
AND HAS BEEN FILED UNDER SEAL

EXHIBIT JA-10

[PUBLIC VERSION]

LODI 2017–2018 OPERATING COST ESTIMATES

THIS EXHIBIT IS CONFIDENTIAL
AND HAS BEEN FILED UNDER SEAL

EXHIBIT JA-11

[PUBLIC VERSION]

PROJECTED COMPLIANCE SCHEDULES AND ESTIMATED COMPLIANCE COSTS

THIS EXHIBIT IS CONFIDENTIAL
AND HAS BEEN FILED UNDER SEAL

EXHIBIT JA-12

[PUBLIC VERSION]

COMPARISON OF ESTIMATED COMPLIANCE COSTS

WITH TOTAL FUNDING

THIS EXHIBIT IS CONFIDENTIAL
AND HAS BEEN FILED UNDER SEAL

EXHIBIT JA-13

[PUBLIC VERSION]

ALLOCATION OF FUNDING TO WILD GOOSE

THIS EXHIBIT IS CONFIDENTIAL
AND HAS BEEN FILED UNDER SEAL

EXHIBIT JA-14

[PUBLIC VERSION]

ALLOCATION OF FUNDING TO LODI

THIS EXHIBIT IS CONFIDENTIAL
AND HAS BEEN FILED UNDER SEAL

EXHIBIT JA-15

ROCKPOINT HEALTH, SAFETY & ENVIRONMENTAL POLICY

Rockpoint Gas Storage
Health, Safety & Environmental Policy

HSE Commitment

We at Rockpoint Gas Storage (Rockpoint) are committed to working in a responsible manner, one that promotes the well-being and protection of our workers, the public and the environment.

We will operate our facilities to the highest standard, one that respects the health and safety of our employees, contractors, customers, communities and the environment in which we operate. Rockpoint will ensure that:

- Compliance with Health, Safety and Environmental rules and regulations come first, regardless of the magnitude or urgency of the job.
- Personnel are available to provide the resources and guidance necessary for continuous improvement to health, safety and environmental procedures.
- Our employees are provided with the tools and training necessary to allow them to conduct their work in a healthy, safe and environmentally productive manner.

HSE Principles

Rockpoint believes that the health, safety and well being of our employees, contractors, customers and the public take precedence. It is our goal and objective to operate our business in such a way as to prevent harm to people and to protect the environment. We will comply with all applicable health, safety & environmental laws and regulations. It is the expectation that all workers, on Rockpoint work sites, adhere to company health, safety and environmental practices as well as applicable government laws and regulations. We will not jeopardize or compromise our HSE Principles for profit or production.

Health and Safety

- Every worker employed on a Rockpoint work site has the right to a healthy and safe environment.
- Rockpoint embraces a 100% compliant healthy and safe culture and places the protection of people from injury above all other management considerations.
- Prior to the commencement of work, safe work procedures shall be developed, reviewed by all affected workers and adhered to.
- Personal Protective Equipment is made available and must be used.

Environment

- Rockpoint is committed to responsible stewardship of the environment at our worksites, as appropriate for our industry.
- As part of ongoing efforts to protect the environment, Rockpoint will comply with environment regulations and agreements to continuously improve our environment management practices.
- Rockpoint will take steps to improve environmental protection, use sustainable business processes and practices that minimize waste, prevent pollution, and dispose of waste safely and responsibly.
- Our facilities will be operated in an environmentally friendly and socially responsible manner and to reduce waste, emissions and discharges from our operations.

The success of the Rockpoint Health, Safety & Environmental program depends on the adherence and cooperation of all Rockpoint employees and contractors. We must all strive to protect the health and safety of ourselves, fellow workers, general public and the environment.

No job is so important that we cannot take the time to do it safely.

Simon Dupéré
President & Chief Executive Officer
Rockpoint Gas Storage
March 2017

EXHIBIT JA-16

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

U.S. SECURITIES AND EXCHANGE COMMISSION FORM 20-F

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 20-F

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

for the fiscal year ended December 31, 2016

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

OR

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-33632

BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

(Exact name of Registrant as specified in its charter)

Bermuda
(Jurisdiction of incorporation or organization)

73 Front Street
Hamilton, HM 12, Bermuda
(Address of principal executive offices)

Jane Sheere
73 Front Street
Hamilton, HM 12, Bermuda
+1-441-294-3309
(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered pursuant to Section 12(b) of the Act:

Title of class	Name of each exchange on which registered
Limited Partnership Units	New York Stock Exchange; Toronto Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:
None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

259,450,045 Limited Partnership Units as of December 31, 2016

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. **Yes ☒ No ☐**

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. **Yes ☐ No ☒**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **Yes ☒ No ☐**

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). **Yes ☐ No ☐**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☒ **Accelerated filer ☐** **Non-accelerated filer ☐**

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

☐ U.S. GAAP **☒ International Financial Reporting Standards as issued by the International Accounting Standards Board** **☐ Other**

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. **Item 17 ☐ Item 18 ☐**

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). **Yes ☐ No ☒**

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INTRODUCTION AND USE OF CERTAIN TERMS

Unless the context requires otherwise, when used in this annual report on Form 20-F, the terms "Brookfield Infrastructure", "we", "us" and "our" refer to Brookfield Infrastructure Partners L.P., collectively with the Holding LP, the Holding Entities and the operating entities (each as defined below). All dollar amounts contained in this annual report on Form 20-F are expressed in U.S. dollars, unless specified otherwise, and references to "dollars", "$", "US$" or "USD" are to U.S. dollars, all references to "C$" or "CAD" are to Canadian dollars, all references to "A$" or "AUD" are to Australian dollars, all references to "CLP" are to Chilean pesos, all references to "COP" are to Colombian pesos, all references to "reais", "BRL" or "R$" are to Brazilian reais, all references to "rupees", "INR" or "I$" are to Indian rupees, and all references to "UF" are to Unidad de Fomento which is an inflation indexed Chilean peso monetary unit that is set daily, on the basis of the prior month's inflation rate. In addition, all references to "£" or "GBP" are to pound sterling, all references to "NZD" are to New Zealand dollars, all references to "€" or "EUR" are to Euros, all references to "PEN" are to Peruvian Neuvo Sol and, unless the context suggests otherwise, references to:

- "Brookfield" are to Brookfield Asset Management and any affiliate of Brookfield Asset Management, other than us;
- "Brookfield Asset Management" are to Brookfield Asset Management Inc.;
- our "current operations" are to the businesses in which we hold an interest as set out in Item 4.B "Business Overview";
- our "communications infrastructure operations" are to our interest in French communication tower infrastructure operations and, subject to the completion of the acquisition of certain telecommunications tower assets from Reliance Communications Limited, Indian communication tower infrastructure operations, as described in Item 4.B "Business Overview—Our Operations—Communications Infrastructure—Overview";
- our "energy operations" are to our interest in North American gas transmission operations in the U.S., North American natural gas storage operations in the U.S. and Canada, North American district energy operations in the U.S. and Canada, and Australian energy distribution operations, as described in Item 4.B "Business Overview—Our Operations—Energy—Overview";
- our "General Partner" are to Brookfield Infrastructure Partners Limited, which serves as our partnership's general partner;
- "Holding Entities" are to certain subsidiaries of the Holding LP, from time-to-time, through which we hold all of our interests in the operating entities;
- the "Holding LP" are to Brookfield Infrastructure L.P.;
- the "Infrastructure General Partner" are to Brookfield Infrastructure Special GP Limited, which serves as the general partner of the Infrastructure Special LP;
- the "Infrastructure Special LP" are to Brookfield Infrastructure Special L.P., a subsidiary of Brookfield Asset Management, which is the special limited partner of the Holding LP and "Special Limited Partner Units" refers to the units of the Holding LP that the Infrastructure Special LP holds in such capacity;
- "Licensing Agreements" are to the licensing agreements described in Item 7.B "Related Party Transactions—Licensing Agreements";
- our "Limited Partnership Agreement" are to the amended and restated limited partnership agreement of our partnership, as amended from time to time;

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- the "managing general partner" are to our partnership in its capacity as managing general partner of the Holding LP and "Managing General Partner Units" refers to the units of the Holding LP that our partnership holds in such capacity;
- "Master Services Agreement" are to the amended and restated master services agreement dated as of March 13, 2015, among the Service Recipients, Brookfield Asset Management, the Service Provider and others, as described in Item 6.A "Directors and Senior Management—Our Master Services Agreement";
- "Merger Transaction" are to our acquisition of the ownership interests in Prime that were not already held by us, which was completed on December 8, 2010;
- "NTS Acquisition" means the transaction pursuant to which our partnership and its institutional partners have entered into agreements to acquire a stake in Nova Transportadora do Sudeste S.A. ("NTS"), a system of natural gas transmission assets, from Petróleo Brasileiro S.A. ("Petrobras"). Completion of this transaction is subject to satisfaction of all conditions and regulatory approval.
- "operating entities" are to the entities which directly or indirectly hold our current operations and assets that we may acquire in the future, including any assets held through joint ventures, partnerships and consortium arrangements;
- our "partnership" are to Brookfield Infrastructure Partners L.P.;
- "Prime" are to Prime Infrastructure, known collectively as Babcock & Brown Infrastructure Limited and Babcock & Brown Infrastructure Trust, or BBI, prior to its recapitalization on November 20, 2009;
- "rate base" are to a regulated or notionally stipulated asset base;
- the "Redemption-Exchange Mechanism" are to the mechanism by which Brookfield may request redemption of its limited partnership interests in the Holding LP in whole or in part in exchange for cash, subject to the right of our partnership to acquire such interests (in lieu of such redemption) in exchange for units of our partnership, as more fully set forth in Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption-Exchange Mechanism";
- "Redeemable Partnership Unit" is a limited partnership unit of the Holding LP that has the rights of the Redemption-Exchange Mechanism. See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement";
- "Relationship Agreement" are to the amended and restated relationship agreement dated as of March 28, 2014, as amended from time to time, by and among our partnership, the Holding LP, the Holding Entities, the Service Provider and Brookfield Asset Management, as described in Item 7.B "Related Party Transactions—Relationship Agreement";
- the "Service Provider" are to Brookfield Infrastructure Group L.P., Brookfield Asset Management Private Institutional Capital Adviser (Canada), LP, Brookfield Asset Management Barbados Inc., Brookfield Global Infrastructure Advisor Limited, Brookfield Infrastructure Group (Australia) Pty Limited and, unless the context otherwise requires, includes any other affiliate of Brookfield Asset Management that provides services to us pursuant to the Master Services Agreement or any other service agreement or arrangement;
- "Service Recipients" are to our partnership, the Holding LP and certain of the Holding Entities in their capacity as recipients of services under the Master Services Agreement;

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- "spin-off" are to the issuance of the special dividend by Brookfield Asset Management to its shareholders of 35,016,762 of our units on January 31, 2008;
- our "transport operations" are to our interests in Australian and Brazilian rail operations, port operations in the U.S., the U.K., Europe, Australia, and New Zealand, toll road operations in Chile, Brazil, Peru and India, as described in Item 4.B "Business Overview—Our Operations—Transport—Overview";
- our "units" are to the limited partnership units in our partnership other than the preferred units, references to our "preferred units" are to preferred limited partnership units in our partnership and references to our "unitholders" and "preferred unitholders" are to the holders of our units and preferred units, respectively;
- "Class A Preferred Units", "Series 1 Preferred Units", "Series 2 Preferred Units", "Series 3 Preferred Units", "Series 4 Preferred Units", "Series 5 Preferred Units", "Series 6 Preferred Units", "Series 7 Preferred Units" and "Series 8 Preferred Units" are to cumulative class A preferred limited partnership units, cumulative class A preferred limited partnership units, series 1, cumulative class A preferred limited partnership units, series 2, cumulative class A preferred limited partnership units, series 3, cumulative class A preferred limited partnership units, series 4, cumulative class A preferred limited partnership units, series 5, cumulative class A preferred limited partnership units, series 6, cumulative class A preferred limited partnership units, series 7 and cumulative class A preferred limited partnership units, series 8 in our partnership, respectively;
- "Holding LP Class A Preferred Units", "Holding LP Series 1 Preferred Units", "Holding LP Series 3 Preferred Units", "Holding LP Series 5 Preferred Units" and "Holding LP Series 7 Preferred Units" are to cumulative class A preferred limited partnership units, cumulative class A preferred limited partnership units, series 1, cumulative class A preferred limited partnership units, series 3, cumulative class A preferred limited partnership units, series 5 and cumulative class A preferred limited partnership unit, series 7 of the Holding LP, respectively;
- our "utilities operations" refer to our interests in Australian regulated terminal operation, South American electricity transmission operations in Chile and Brazil and distribution operation in Colombia and European regulated distribution operation in the U.K. and, subject to the completion of the NTS Acquisition, South American natural gas transmission operation, as described in Item 4.B "Business Overview—Our Operations—Utilities—Overview"; and
- "Voting Agreements" are to the voting arrangements described in Item 7.B "Related Party Transactions—Voting Agreements".

On September 14, 2016, we completed a three-for-two split of our units by way of a subdivision of units (the "Unit Split"), whereby unitholders received an additional one-half of a unit for each unit held, resulting in the issuance of approximately 115 million additional units. Our preferred units were not affected by the Unit Split. All historical per unit disclosures have been adjusted to effect for the change in units due to the Unit Split.

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FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains certain forward-looking statements and information concerning our business and operations. The forward-looking statements and information also relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates and anticipated events or trends. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "should," "objective," "will" and "would" or the negative of those terms or other comparable terminology.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based on reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information.

The following factors could cause our actual results to differ materially from our forward looking statements and information:

- our assets are or may become highly leveraged and we intend to incur indebtedness above the asset level;
- our partnership is a holding entity that relies on its subsidiaries to provide the funds necessary to pay our distributions and meet our financial obligations;
- future sales and issuances of our units or preferred units, or the perception of such sales or issuances, could depress the trading price of our units or preferred units;
- pending acquisitions may not be completed on the timeframe or in the manner contemplated, or at all;
- deployment of capital for our committed backlog and other projects we are pursuing may be delayed, curtailed or redirected altogether;
- acquisitions may subject us to additional risks and the expected benefits of our acquisitions may not materialize;
- foreign currency risk and risk management activities;
- increasing political uncertainty, which may impact our ability to expand in certain markets;
- general economic conditions and risks relating to the economy;
- commodity risks;
- availability and cost of credit;
- government policy and legislation change;
- exposure to uninsurable losses and force majeure events;
- infrastructure operations may require substantial capital expenditures;
- labour disruptions and economically unfavourable collective bargaining agreements;
- exposure to occupational health and safety related accidents;
- exposure to increased economic regulation and adverse regulatory decisions;

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- exposure to environmental risks, including increasing environmental legislation and the broader impacts of climate change;
- high levels of government regulation upon many of our operating entities, including with respect to rates set for our regulated businesses;
- First Nations claims to land, adverse claims or governmental claims may adversely affect our infrastructure operations;
- the competitive market for acquisition opportunities and the inability to identify and complete acquisitions as planned;
- our ability to renew existing contracts and win additional contracts with existing or potential customers;
- timing and price for the completion of unfinished projects;
- some of our current operations are held in the form of joint ventures or partnerships or through consortium arrangements;
- our infrastructure business is at risk of becoming involved in disputes and possible litigation;
- some of our businesses operate in jurisdictions with less developed legal systems and could experience difficulties in obtaining effective legal redress and create uncertainties;
- actions taken by national, state, or provincial governments, including nationalization, or the imposition of new taxes, could materially impact the financial performance or value of our assets;
- reliance on technology and exposure to cyber-security attacks;
- customers may default on their obligations;
- reliance on tolling and revenue collection systems;
- our ability to finance our operations due to the status of the capital markets;
- changes in our credit ratings;
- our operations may suffer a loss from fraud, bribery, corruption or other illegal acts;
- Brookfield's influence over our partnership and our partnership's dependence on the Service Provider;
- the lack of an obligation of Brookfield to source acquisition opportunities for us;
- our dependence on Brookfield and its professionals;
- interests in our General Partner may be transferred to a third party without unitholder or preferred unitholder consent;
- Brookfield may increase its ownership of our partnership;
- our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any fiduciary duties to act in the best interests of unitholders or preferred unitholders;
- conflicts of interest between our partnership, our preferred unitholders and our unitholders, on the one hand, and Brookfield, on the other hand;
- our arrangements with Brookfield may contain terms that are less favourable than those which otherwise might have been obtained from unrelated parties;
- our General Partner may be unable or unwilling to terminate the Master Services Agreement;

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- the limited liability of, and our indemnification of, the Service Provider;
- our unitholders and preferred unitholders do not have a right to vote on partnership matters or to take part in the management of our partnership;
- market price of our units and preferred units may be volatile;
- dilution of existing unitholders;
- adverse changes in currency exchange rates;
- investors may find it difficult to enforce service of process and enforcement of judgments against us;
- we may not be able to continue paying comparable or growing cash distributions to unitholders in the future;
- our partnership may become regulated as an investment company under the *U.S. Investment Company Act of 1940* ("Investment Company Act"), as amended;
- we are exempt from certain requirements of Canadian securities laws and we are not subject to the same disclosure requirements as a U.S. domestic issuer;
- we may be subject to the risks commonly associated with a separation of economic interest from control or the incurrence of debt at multiple levels within an organizational structure;
- effectiveness of our internal controls over financial reporting; and
- other factors described in this annual report on Form 20-F, including, but not limited to, those described under Item 3.D "Risk Factors" and elsewhere in this annual report on Form 20-F.

In light of these risks, uncertainties and assumptions, the events described by our forward-looking statements and information might not occur. We qualify any and all of our forward-looking statements and information by these cautionary factors. Please keep this cautionary note in mind as you read this annual report on Form 20-F. We disclaim any obligation to update or revise publicly any forward-looking statements or information, whether as a result of new information, future events or otherwise, except as required by applicable law.

CAUTIONARY STATEMENT REGARDING THE USE OF NON-IFRS ACCOUNTING MEASURES

To measure performance, we focus on net income, an IFRS measure, as well as certain non-IFRS measures, including funds from operations ("FFO"), adjusted funds from operations ("AFFO"), adjusted EBITDA ("Adjusted EBITDA") and adjusted earnings ("Adjusted Earnings"), along with other measures.

FFO

We define FFO as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. FFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). FFO is therefore unlikely to be comparable to similar measures presented by other issuers. FFO has limitations as an analytical tool. Specifically, our definition of FFO may differ from the definition used by other organizations, as well as the definition of funds from operations used by the Real Property Association of Canada ("REALPAC") and the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS.

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AFFO

We define AFFO as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). AFFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. AFFO is therefore unlikely to be comparable to similar measures presented by other issuers and has limitations as an analytical tool.

Adjusted EBITDA

In addition to FFO and AFFO, we focus on Adjusted EBITDA, which we define as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Adjusted EBITDA is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Adjusted EBITDA is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted EBITDA has limitations as an analytical tool.

Adjusted Earnings

We also focus on Adjusted Earnings, which we define as net income attributable to the partnership, excluding the impact of depreciation and amortization expense from revaluing property, plant and equipment and the effects of purchase price accounting, mark-to-market on hedging items and disposition gains or losses. Adjusted Earnings is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Adjusted Earnings is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted Earnings has limitations as an analytical tool.

For further details regarding our use of FFO, AFFO, Adjusted EBITDA and Adjusted Earnings as well as a reconciliation of net income to these performance measures, please see the "Reconciliation of Non-IFRS Financial Measures" section in Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations".

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PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

3.A SELECTED FINANCIAL DATA

The following table presents financial data for Brookfield Infrastructure as of and for the periods indicated:

	For the Year Ended December 31,				
US$ MILLIONS, EXCEPT PER UNIT AMOUNTS					
Statements of Operating Results	**2016**	**2015**	**2014**	**2013**	**2012**
Revenue	**$ 2,115**	$ 1,855	$ 1,924	$ 1,826	$ 1,524
Direct operating costs	**(1,063)**	(798)	(846)	(823)	(766)
General and administrative expenses	**(166)**	(134)	(115)	(110)	(95)
Depreciation and amortization expense	**(447)**	(375)	(380)	(329)	(230)
Interest expense	**(392)**	(367)	(362)	(362)	(322)
Share of earnings (losses) from investments in associates and joint ventures	**248**	69	50	(217)	1
Mark-to-market on hedging items	**74**	83	38	19	(49)
Gain on sale of associates	**—**	—	—	53	—
Other income (expenses)	**174**	54	(1)	(35)	8
Income before income tax	**543**	387	308	22	71
Current income tax expense	**(33)**	(22)	(30)	(3)	(12)
Deferred income tax recovery (expense)	**18**	26	(49)	1	42
Net income from continuing operations	**528**	391	229	20	101
Income from discontinued operations, net of income tax[1]	**—**	—	—	45	190
Net income	**$ 528**	$ 391	$ 229	$ 65	$ 291
Net income (loss) attributable to partnership[2]	**474**	298	184	(58)	106
Net income (loss) per limited partnership unit (basic and diluted)[3]	**1.13**	0.69	0.45	(0.29)	0.31
Funds from operations (FFO)[4]	**944**	808	724	682	462
Per unit FFO[5]	**2.72**	2.39	2.30	2.20	1.61
Adjusted funds from operations (AFFO)[6]	**771**	672	593	553	355
Adjusted EBITDA[7]	**1,322**	1,177	1,142	1,110	841
Adjusted Earnings[8]	**657**	461	350	58	245
Adjusted Earnings per unit[5]	**1.66**	1.18	0.97	0.09	0.80
Per unit distributions	**1.55**	1.41	1.28	1.15	1.00

(1) The timber segment was reported as part of continuing operations until the second quarter of 2013 and has since been classified as discontinued operations for the comparative periods. Our Canadian and U.S. freehold timberlands were disposed of in the second and third quarter of 2013, respectively.

(2) Net income (loss) attributable to partnership includes net income (loss) attributable to non-controlling interests—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

(3) During 2016, on average there were 244.7 million limited partnership units outstanding (2015: 238.9 million, 2014: 225.4 million, 2013: 221.7 million, 2012: 205.4 million).

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(4) FFO is defined as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Along with net income and other measures, FFO is a key measure of our financial performance that we use to assess the operating results and performance of our operations on a segmented basis. It is not calculated in accordance with, and does not have any standardized meanings prescribed by IFRS. For further details regarding our use of FFO as well as a reconciliation of net income to this measure, please see the "Reconciliation of Non-IFRS Financial Measures" section in Item 5 "Operating and Financial Review and Prospects–Management's Discussion and Analysis of Financial Condition and Results of Operations".

(5) During 2016, on average there were 347.2 million units outstanding (2015: 337.4 million, 2014: 315.1 million, 2013: 310.0 million, 2012: 287.2 million), being inclusive of our units, the Redeemable Partnership Units, and the Special Limited Partner Units.

(6) AFFO is defined as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). AFFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. AFFO is therefore unlikely to be comparable to similar measures presented by other issuers. AFFO has limitations as an analytical tool. For further details regarding our use of AFFO, as well as a reconciliation of net income to these measures, please see the "Reconciliation of Non-IFRS Financial Measures" section in Item 5 "Operating and Financial Review and Prospects–Management's Discussion and Analysis of Financial Condition and Results of Operations".

(7) Adjusted EBITDA is defined as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Adjusted EBITDA is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Adjusted EBITDA is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted EBITDA has limitations as an analytical tool. For further details regarding our use of Adjusted EBITDA, as well as a reconciliation of net income to this measures, please see the "Reconciliation of Non-IFRS Financial Measures" section in Item 5 "Operating and Financial Review and Prospects–Management's Discussion and Analysis of Financial Condition and Results of Operations".

(8) Adjusted Earnings is defined as net income attributable to our partnership, excluding the impact of depreciation and amortization expense from revaluing property, plant and equipment and the effects of purchase price accounting, mark-to-market on hedging items and disposition gains or losses. Adjusted Earnings is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Adjusted Earnings is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted Earnings has limitations as an analytical tool. For further details regarding our use of Adjusted Earnings, as well as a reconciliation of net income to this measures, please see the "Reconciliation of Non-IFRS Financial Measures" section in Item 5 "Operating and Financial Review and Prospects –Management's Discussion and Analysis of Financial Condition and Results of Operations".

US$ MILLIONS	As of December 31,				
Statements of Financial Position Key Metrics	**2016**	**2015**	**2014**	**2013**	**2012**
Cash and cash equivalents	**$ 786**	$ 199	$ 189	$ 538	$ 263
Total assets	**21,275**	17,735	16,495	15,682	19,718
Corporate borrowings	**1,002**	1,380	588	377	946
Non-recourse borrowings	**7,324**	5,852	6,221	5,790	6,993
Partnership capital—attributable to limited partners	**4,611**	3,838	3,533	3,751	3,632
Non-controlling interest—Redeemable Partnership Units held by Brookfield	**1,860**	1,518	1,321	1,408	1,365
Non-controlling interest—in operating subsidiaries	**2,771**	1,608	1,444	1,419	2,784
Partnership capital—attributable to general partner	**27**	23	24	27	27
Partnership capital—attributable to preferred unitholders	**375**	189	—	—	—
Total Partnership Capital	**9,644**	7,176	6,322	6,605	7,808

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Net income (loss) attributable to our partnership is the most directly comparable IFRS measure to FFO and AFFO. The following table reconciles net income (loss) attributable to our partnership to FFO and AFFO.

US$ MILLIONS, EXCEPT PER UNIT AMOUNTS[1]	For the Year Ended December 31,				
	2016	**2015**	**2014**	**2013**	**2012**
Net income (loss) attributable to partnership[2]	**$ 474**	$ 298	$ 184	$ (58)	$ 106
Add back or deduct the following:					
Depreciation and amortization	**609**	506	481	400	300
Impairment charge	**—**	—	—	275	16
Deferred income taxes	**(5)**	(53)	(2)	65	(37)
Gain on sale of associate	**—**	—	—	(53)	—
Mark-to-market on hedging items	**(17)**	(63)	(39)	(7)	50
Valuation (gains) losses and other	**(117)**	120	100	60	27
FFO	**944**	808	724	682	462
Maintenance capital expenditures	**(173)**	(136)	(131)	(129)	(107)
AFFO	**$ 771**	$ 672	$ 593	$ 553	$ 355

(1) See Item 5 "Operating and Financial Review and Prospects–Management's Discussion and Analysis of Financial Condition and Results of Operations—Reconciliation of Non-IFRS Financial Measures" for a detailed reconciliation of our proportionate results to our consolidated statements of operating results.

(2) Net income (loss) attributable to partnership includes net income (loss) attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

Please see Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations—Reconciliation of Non-IFRS Financial Measures" for a reconciliation of net income to Adjusted EBITDA and Adjusted Earnings.

3.B CAPITALIZATION AND INDEBTEDNESS

Not applicable.

3.C REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

3.D RISK FACTORS

You should carefully consider the following factors in addition to the other information set forth in this annual report on Form 20-F. If any of the following risks actually occur, our business, financial condition and results of operations and the value of our units and preferred units would likely suffer.

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Risks Relating to Our Operations and the Infrastructure Industry

All of our operating entities are subject to general economic and political conditions and risks relating to the markets in which we operate.

Many industries, including the industries in which we operate, are impacted by political and economic conditions, and in particular, adverse events in financial markets, which may have a profound effect on global or local economies. Some key impacts of general financial market turmoil include contraction in credit markets resulting in a widening of credit spreads, devaluations and enhanced volatility in global equity, commodity and foreign exchange markets and a general lack of market liquidity. A slowdown in the financial markets or other key measures of the global economy or the local economies of the regions in which we operate, including, but not limited to, new home construction, employment rates, business conditions, inflation, fuel and energy costs, commodity prices, lack of available credit, the state of the financial markets, interest rates and tax rates may adversely affect our growth and profitability.

The demand for services provided by our operating entities are, in part, dependent upon and correlated to general economic conditions and economic growth of the regions applicable to the relevant asset. Poor economic conditions or lower economic growth in a region or regions may, either directly or indirectly, reduce demand for the services provided by an asset.

For example, a credit/liquidity crisis, such as the global crisis experienced in 2008/2009, could materially impact the cost and availability of financing and overall liquidity; the volatility of commodity output prices and currency exchange markets could materially impact revenues, profits and cash flow; volatile energy, commodity input and consumables prices and currency exchange rates could materially impact production costs; poor local or regional economic conditions could materially impact the level of traffic on our toll roads or volume of commodities transported on our rail network and/or shipped through our ports; our U.K. regulated distribution business earns connection revenues that would be negatively impacted by an economic recession and a reduction of housing starts in the U.K.; and the devaluation and volatility of global stock markets could materially impact the valuation of our units and preferred units. Any one of these factors could have a material adverse effect on our business, financial condition and results of operations. If such increased levels of volatility and market turmoil were to continue, our operations and the trading price of our units and preferred units may be further adversely impacted.

In addition, we may be affected by political uncertainties in the U.S. and Europe, which may have global repercussions, including in markets where we currently operate or intend to expand into in the future.

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Some of our operations depend on continued strong demand for commodities, such as natural gas or minerals, for their financial performance. Material reduction in demand for these key commodities can potentially result in reduced value for assets, or in extreme cases, a stranded asset.

Some of our operations are critically linked to the transport or production of key commodities. For example, our Australian regulated terminal operation relies on demand for coal exports, our Australian rail operation relies on demand for iron ore for steel production and our North American gas transmission operation relies on demand for natural gas and benefits from higher gas prices. While we endeavour to protect against short to medium term commodity demand risk wherever possible by structuring our contracts in a way that minimizes volume risk (e.g. minimum guaranteed volumes and 'take-or-pay' arrangements), these contract terms are finite and in some cases contracts contain termination or suspension rights for the benefit of the customer. Accordingly, a long-term and sustained downturn in the demand for or price of a key commodity linked to one of our operations may result in termination, suspension or default under a key contract, or otherwise have a material adverse impact on the financial performance or growth prospects of that particular operation, notwithstanding our efforts to maximize contractual protections.

If a critical upstream or downstream business ceased to operate, this could materially impact our financial performance or the value of one or more of our operating businesses. In extreme cases, our infrastructure could become redundant, resulting in an inability to recover a return on or of capital and potentially triggering covenants and other terms and conditions under associated debt facilities.

Acquisitions may subject us to additional risks and the expected benefits of our acquisitions may not materialize.

A key part of Brookfield Infrastructure's strategy involves seeking acquisition opportunities. Acquisitions may increase the scale, scope and diversity of our operations. We depend on the diligence and skill of Brookfield's professionals to manage us, including integrating all of the acquired business' operations with our existing operations. These individuals may have difficulty managing the additional operations and may have other responsibilities within Brookfield's asset management business. If Brookfield does not effectively manage the additional operations, our existing business, financial condition and results of operations may be adversely affected.

Acquisitions will likely involve some or all of the following risks, which could materially and adversely affect our business, financial condition or results of operations: the difficulty of integrating the acquired operations and personnel into our current operations; the ability to achieve potential synergies; potential disruption of our current operations; diversion of resources, including Brookfield's time and attention; the difficulty of managing the growth of a larger organization; the risk of entering markets in which we have little experience; the risk of becoming involved in labour, commercial or regulatory disputes or litigation related to the new enterprise; the risk of environmental or other liabilities associated with the acquired business; and the risk of a change of control resulting from an acquisition triggering rights of third parties or government agencies under contracts with, or authorizations held by the operating business being acquired. While it is our practice to conduct extensive due diligence investigations into businesses being acquired, it is possible that due diligence may fail to uncover all material risks in the business being acquired, or to identify a change of control trigger in a material contract or authorization, or that a contractual counterparty or government agency may take a different view on the interpretation of such a provision to that taken by us, thereby resulting in a dispute. The discovery of any material liabilities subsequent to an acquisition, as well as the failure of an acquisition to perform according to expectations, could have a material adverse effect on Brookfield Infrastructure's business, financial condition and results of operations. In addition, if returns are lower than anticipated from acquisitions, we may not be able to achieve growth in our distributions in line with our stated goals and the market value of our units may decline.

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We operate in a highly competitive market for acquisition opportunities.

Our acquisition strategy is dependent to a significant extent on the ability of Brookfield to identify acquisition opportunities that are suitable for us. We face competition for acquisitions primarily from investment funds, operating companies acting as strategic buyers, construction companies, commercial and investment banks, and commercial finance companies. Many of these competitors are substantially larger and have considerably greater financial, technical and marketing resources than are available to us. Some of these competitors may also have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of acquisitions and to offer terms that we are unable or unwilling to match. Due to the capital intensive nature of infrastructure acquisitions, in order to finance acquisitions we will need to compete for equity capital from institutional investors and other equity providers, including Brookfield, and our ability to consummate acquisitions will be dependent on such capital continuing to be available. Increases in interest rates could also make it more difficult to consummate acquisitions because our competitors may have a lower cost of capital which may enable them to bid higher prices for assets. In addition, because of our affiliation with Brookfield, there is a higher risk that when we participate with Brookfield and others in joint ventures, partnerships and consortiums on acquisitions we may become subject to antitrust or competition laws that we would not be subject to if we were acting alone. These factors may create competitive disadvantages for us with respect to acquisition opportunities.

We cannot provide any assurance that the competitive pressures we face will not have a material adverse effect on our business, financial condition and results of operations or that Brookfield will be able to identify and make acquisitions on our behalf that are consistent with our objectives or that generate attractive returns for our unitholders. We may lose acquisition opportunities if we do not match prices, structures and terms offered by competitors, if we are unable to access sources of equity or obtain indebtedness at attractive rates or if we become subject to antitrust or competition laws. Alternatively, we may experience decreased rates of return and increased risks of loss if we match prices, structures and terms offered by competitors.

We may be unable to identify and complete acquisitions as planned.

Our acquisitions are subject to a number of closing conditions, including, as applicable, securityholder approval, regulatory approval (including competition authorities) and other third party consents and approvals that are beyond our control and may not be satisfied. In particular, many jurisdictions in which we seek to invest impose government consent requirements on investments by foreign persons. Consents and approvals may not be obtained, may be obtained subject to conditions which adversely affect anticipated returns, and/or may be delayed and delay or ultimately preclude the completion of acquisitions. Government policies and attitudes in relation to foreign investment may change, making it more difficult to complete acquisitions in such jurisdictions. Furthermore, interested stakeholders could take legal steps to prevent an acquisition from being completed. If all or some of our acquisitions are unable to be completed on the terms agreed, we may need to modify or delay certain acquisitions or terminate these acquisitions altogether, the market value of our units may significantly decline and we may not be able to achieve the expected benefits of the acquisitions. For example, our previously announced acquisition of NTS is subject to a number of conditions, including the finalization, to the satisfaction of the relevant Petrobras and consortium parties, of terms and conditions of a number of long-term agreements relating to the operation of the business and other customary conditions, including regulatory approvals, some of which are beyond our control and may not be satisfied. In addition, the NTS Acquisition may be blocked or modified by regulators or pursuant to litigation. If the NTS Acquisition is unable to be completed on the terms agreed, or is blocked or modified by regulators pursuant to litigation, we may need to delay or modify the transaction or terminate it altogether. In addition, if we are not able to complete the NTS Acquisition, we may not be able to identify alternative investments that are of a comparable quality to the NTS Acquisition in a timely manner, or at all.

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Infrastructure assets may be subject to competition risk.

Some assets may be affected by the existence of other competing assets owned and operated by other parties. There can be no assurance that our businesses can renew all their existing contracts or win additional contracts with their existing or potential customers. The ability of our businesses to maintain or improve their revenue is dependent on price, availability and customer service as well as on the availability of access to alternative infrastructure. In the case where the relevant business is unable to retain customers and/or unable to win additional customers to replace those customers it is unable to retain, the revenue from such assets will be reduced.

Investments in infrastructure projects prior to or during a construction or expansion phase are likely to be subject to increased risk.

A key part of our growth strategy involves identifying and taking advantage of organic growth opportunities within our existing businesses. These opportunities typically involve development and construction of new infrastructure or expansion or upgrades to existing infrastructure. Investments in new infrastructure projects during a development or construction phase are likely to be subject to additional risk that the project will not receive all required approvals, will not be completed within budget, within the agreed timeframe and to the agreed specifications and, where applicable, will not be successfully integrated into the existing assets. During the construction phase, major risks include: (i) a delay in the projected completion of the project, which can result in an increase in total project construction costs through higher capitalized interest charges and additional labour, material expenses, and a resultant delay in the commencement of cash flow; (ii) the insolvency of the head contractor, a major subcontractor and/or a key equipment supplier; (iii) construction costs exceeding estimates for various reasons, including inaccurate engineering and planning, labour and building material costs in excess of expectations and unanticipated problems with project start-up; and (iv) defects in design, engineering or construction (including, without limitation, latent defects that do not materialize during an applicable warranty or limitation periods). Such unexpected increases may result in increased debt service costs, operations and maintenance expenses and damage payments for late delivery. This may result in the inability of project owners to meet the higher interest and principal repayments arising from the additional debt required.

In addition, construction projects may be exposed to significant liquidated damages to the extent that commercial operations are delayed beyond prescribed dates or that performance levels do not meet guaranteed levels. For example, a liquidated damages regime applies in respect of some of the expansion of works at our Brazilian toll road business.

We currently have approximately $1.4 billion of committed backlog. Total capital to be commissioned in the next two to three years currently stands at approximately $2.4 billion. We can provide no assurance that we will be able to complete these projects on time or within budget. In addition, we are pursuing a number of other organic growth opportunities that are not yet committed. Accordingly, we can provide no assurance that these projects will materialize on the terms currently contemplated, or at all.

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We are subject to foreign currency risk and our risk management activities may adversely affect the performance of our operations.

A significant portion of our current operations are in countries where the U.S. dollar is not the functional currency. These operations pay distributions in currencies other than the U.S. dollar, which we must convert to U.S. dollars prior to making distributions, and certain of our operations have revenues denominated in currencies different from our expense structure, thus exposing us to currency risk. Fluctuations in currency exchange rates could reduce the value of cash flows generated by our operating entities or could make it more expensive for our customers to purchase our services and consequently reduce the demand for our services. In addition, a significant depreciation in the value of such foreign currencies may have a material adverse effect on our business, financial condition and results of operations.

When managing our exposure to such market risks, we may use forward contracts, options, swaps, caps, collars and floors or pursue other strategies or use other forms of derivative instruments. The success of any hedging or other derivative transactions that we enter into generally will depend on our ability to structure contracts that appropriately offset our risk position. As a result, while we may enter into such transactions in order to reduce our exposure to market risks, unanticipated market changes may result in poorer overall investment performance than if the derivative transaction had not been executed. Such transactions may also limit the opportunity for gain if the value of a hedged position increases.

General economic and business conditions that impact the debt or equity markets could impact our ability to access credit markets.

General economic and business conditions that impact the debt or equity markets could impact the availability of credit to, and cost of credit for, Brookfield Infrastructure. We have revolving credit facilities and other short-term borrowings. The amount of interest charged on these will fluctuate based on changes in short-term interest rates. Any economic event that affects interest rates or the ability to refinance borrowings could materially adversely impact our financial condition. Movements in interest rates could also affect the discount rates used to value our assets, which in turn could cause their valuations calculated under IFRS to be reduced resulting in a material reduction in our equity value.

In addition, some of our operations either currently have a credit rating or may have a credit rating in the future. A credit rating downgrade may result in an increase in the cost of debt for the relevant businesses and reduced access to debt markets.

Some assets in our portfolio have a requirement for significant capital expenditure. For other assets, cash, cash equivalents and short-term investments combined with cash flow generated from operations are believed to be sufficient for it to make the foreseeable required level of capital investment. However, no assurance can be given that additional capital investments will not be required in these businesses. If we are unable to generate enough cash to finance necessary capital expenditures through operating cash flow, then we may be required to issue additional equity or incur additional indebtedness. The issue of additional equity would be dilutive to existing unitholders at the time. Any additional indebtedness would increase our leverage and debt payment obligations, and may negatively impact its business, financial condition and results of operations.

Our business relies on continued access to capital to fund new investments and capital projects. While we aim to prudently manage our capital requirements and ensure access to capital is always available, it is possible we may overcommit ourselves or misjudge the requirement for capital or the availability of liquidity. Such a misjudgment may require capital to be raised quickly and the inability to do so could result in negative financial consequences or in extreme cases bankruptcy.

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All of our operating entities are subject to changes in government policy and legislation.

Our financial condition and results of operations could also be affected by changes in economic or other government policies or other political or economic developments in each country or region, as well as regulatory changes or administrative practices over which we have no control such as: the regulatory environment related to our business operations, concession agreements and periodic regulatory resets; interest rates; currency fluctuations; exchange controls and restrictions; inflation; liquidity of domestic financial and capital markets; policies relating to climate change or policies relating to tax; and other political, social, economic, and environmental and occupational health and safety developments that may occur in or affect the countries in which our operating entities are located or conduct business or the countries in which the customers of our operating entities are located or conduct business or both.

In addition, operating costs can be influenced by a wide range of factors, many of which may not be under the control of the owner/operator, including the need to comply with the directives of central and local government authorities. For example, in the case of our utility, transport and energy operations, we cannot predict the impact of future economic conditions, energy conservation measures, alternative fuel requirements, or governmental regulation all of which could reduce the demand for or availability of commodities our transport and energy operations rely upon, most notably coal and natural gas. It is difficult to predict government policies and what form of laws and regulations will be adopted or how they will be construed by the relevant courts, or to the extent which any changes may adversely affect us.

We may be exposed to natural disasters, weather events, uninsurable losses and force majeure events.

Force majeure is the term generally used to refer to an event beyond the control of the party claiming that the event has occurred, including but not limited to acts of God, fires, floods, earthquakes, wars and labour strikes. The assets of our infrastructure businesses are exposed to unplanned interruptions caused by significant catastrophic events such as cyclones, landslides, explosions, terrorist attacks, war, floods, earthquakes, fires, major plant breakdowns, pipeline or electricity line ruptures, accidents, extreme weather events or other disasters. Operational disruption, as well as supply disruption, could adversely affect the cash flow available from these assets. In addition, the cost of repairing or replacing damaged assets could be considerable and could give rise to third-party claims. In some cases, project agreements can be terminated if the force majeure event is so catastrophic as to render it incapable of remedy within a reasonable time period. Repeated or prolonged interruption may result in a permanent loss of customers, substantial litigation, damage, or penalties for regulatory or contractual non-compliance. Moreover, any loss from such events may not be recoverable in whole or in part under relevant insurance policies. Business interruption insurance is not always available, or available on reasonable economic terms to protect the business from these risks.

Given the nature of the assets operated by our operating entities, we may be more exposed to risks in the insurance market that lead to limitations on coverage and/or increases in premium. For example, many components of our South American electricity transmission operations and toll roads are not insured or not fully insured against losses from earthquakes and our North American gas transmission operation, our Australian distribution operations and our European regulated distribution operations self-insure the majority of their line and pipe assets. Therefore, the occurrence of a major or uninsurable event could have a material adverse effect on financial performance. Even if such insurance were available, the cost may be prohibitive. The ability of the operating entities to obtain the required insurance coverage at a competitive price may have an impact on the returns generated by them and accordingly the returns we receive.

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For example, our regulated energy distribution businesses generate revenue based on the volume transmitted through their systems. Weather that deviates materially from normal conditions could impact these businesses. A number of our businesses may be adversely impacted by extreme weather. Our Australian rail operation transports grain on its system, for which it is contracted on a volume basis. A drought could have a material negative impact on revenue from grain transportation.

All of our infrastructure operations may require substantial capital expenditures in the future.

Our utilities, transport and energy operations are capital intensive and require substantial ongoing expenditures for, among other things, additions and improvements, and maintenance and repair of plant and equipment related to our operations. Any failure to make necessary capital expenditures to maintain our operations in the future could impair the ability of our operations to serve existing customers or accommodate increased volumes. In addition, we may not be able to recover such investments based upon the rates our operations are able to charge.

In some of the jurisdictions in which we have utilities, transport or energy operations, certain maintenance capital expenditures may not be covered by the regulatory framework. If our operations in these jurisdictions require significant capital expenditures to maintain our asset base, we may not be able to recover such costs through the regulatory framework. In addition, we may be exposed to disallowance risk in other jurisdictions to the extent that capital expenditures and other costs are not fully recovered through the regulatory framework.

Performance of our operating entities may be harmed by future labour disruptions and economically unfavourable collective bargaining agreements.

Several of our current operations or other business operations have workforces that are unionized or that in the future may become unionized and, as a result, are required to negotiate the wages, benefits and other terms with many of their employees collectively. If an operating entity were unable to negotiate acceptable contracts with any of its unions as existing agreements expire, it could experience a significant disruption of its operations, higher ongoing labour costs and restrictions on its ability to maximize the efficiency of its operations, which could have a material adverse effect on its business, financial condition and results of operations.

In addition, in some jurisdictions where we have operations, labour forces have a legal right to strike which may have an impact on our operations, either directly or indirectly, for example if a critical upstream or downstream counterparty was itself subject to a labour disruption which impacted our ability to operate.

Our operations are exposed to occupational health and safety and accident risks.

Infrastructure projects and operational assets are highly exposed to the risk of accidents that may give rise to personal injury, loss of life, disruption to service and economic loss. Some of the tasks undertaken by employees and contractors are inherently dangerous and have the potential to result in serious injury or death.

Our operating entities are subject to laws and regulations governing health and safety matters, protecting both members of the public and their employees and contractors. Occupational health and safety legislation and regulations differ in each jurisdiction. Any breach of these obligations, or serious accidents involving our employees, contractors or members of the public could expose them to adverse regulatory consequences, including the forfeit or suspension of operating licenses, potential litigation, claims for material financial compensation, reputational damage, fines or other legislative sanction, all of which have the potential to impact the results of our operating entities and our ability to make distributions. Furthermore, where we do not control a business, we have a limited ability to influence health and safety practices and outcomes.

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Many of our operations are subject to economic regulation and may be exposed to adverse regulatory decisions.

Due to the essential nature of some of the services provided by our assets and the fact that some of these services are provided on a monopoly or near monopoly basis, many of our operations are subject to forms of economic regulation. This regulation can involve different forms of price control and can involve ongoing commitments to economic regulators and other governmental agencies. The terms upon which access to our facilities is provided, including price, can be determined or amended by a regulator periodically. Future terms to apply, including access charges that our operations are entitled to charge, cannot be determined with any certainty, as we do not have discretion as to the amount that can be charged. New legislation, regulatory determinations or changes in regulatory approaches may result in regulation of previously unregulated businesses or material changes to the revenue or profitability of our operations. In addition, a decision by a government or regulator to regulate non-regulated assets may significantly and negatively change the economics of these businesses and the value or financial performance of Brookfield Infrastructure. For example, in 2010 regulatory action taken by the Federal Energy Regulatory Commission ("FERC") saw a significant reduction in annual cashflow expectations of our North American gas transmission operations. Similarly, in 2016 a periodic regulatory reset at our Australian coal terminal resulted in a decline in annual cashflows at that business.

Our operating entities are exposed to the risk of environmental damage.

Many of Brookfield Infrastructure's assets are involved in using, handling or transporting substances that are toxic, combustible or otherwise hazardous to the environment. Furthermore, some of our assets have operations in or in close proximity to environmentally sensitive areas or densely populated communities. There is a risk of a leak, spillage or other environmental emission at one of these assets, which could cause regulatory infractions, damage to the environment, injury or loss of life. Such an incident if it occurred could result in fines or penalties imposed by regulatory authorities, revocation of licenses or permits required to operate the business or the imposition of more stringent conditions in those licenses or permits, or legal claims for compensation (including punitive damages) by affected stakeholders. In addition, some of our assets may be subject to regulations or rulings made by environmental agencies that conflict with existing obligations we have under concession or other permitting agreements. Resolution of such conflicts may lead to uncertainty and increased risk of delays or cost over-runs on projects. All of these have the potential to significantly impact the value or financial performance of Brookfield Infrastructure.

Our operating entities are exposed to the risk of increasing environmental legislation and the broader impacts of climate change.

With an increasing global focus and public sensitivity to environmental sustainability and environmental regulation becoming more stringent, Brookfield Infrastructure's assets could be subject to increasing environmental responsibility and liability. For example, many jurisdictions in which Brookfield Infrastructure operates are considering implementing, or have implemented, schemes relating to the regulation of carbon emissions. As a result, there is a risk that the consumer demand for some of the energy sources supplied by Brookfield Infrastructure will be reduced. For example, the United Kingdom's phasing out of analog meters and use of gas as a source of heating for residential customers could lead to a reduction in revenue and growth at our U.K. utility business. The nature and extent of future regulation in the various jurisdictions in which Brookfield Infrastructure's operations are situated is uncertain, but is expected to become more complex and stringent.

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It is difficult to assess the impact of any such changes on Brookfield Infrastructure. These schemes may result in increased costs to our operations that may not be able to be passed onto our customers and may have an adverse impact on prospects for growth of some businesses. To the extent such regimes (such as carbon emissions schemes or other carbon emissions regulations) become applicable to the operations of Brookfield Infrastructure (and the costs of such regulations are not able to be fully passed on to consumers), its financial performance may be impacted due to costs applied to carbon emissions and increased compliance costs.

Our operating entities are also subject to laws and regulations relating to the protection of the environment and pollution. Standards are set by these laws and regulations regarding certain aspects of environmental quality and reporting, provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate and rehabilitate current and former facilities and locations where our operations are, or were, conducted. These laws and regulations may have a detrimental impact on the financial performance of our infrastructure operations and projects through increased compliance costs or otherwise. Any breach of these obligations, or even incidents relating to the environment that do not amount to a breach, could adversely affect the results of our operating entities and their reputations and expose them to claims for financial compensation or adverse regulatory consequences.

Our operations may also be exposed directly or indirectly to the broader impacts of climate change, including extreme weather events, export constraints on commodities, increased resource prices and restrictions on energy and water usage.

Our operating entities may be exposed to higher levels of regulation than in other sectors and breaches of such regulations could expose our operating entities to claims for financial compensation and adverse regulatory consequences.

In many instances, our ownership and operation of infrastructure assets involves an ongoing commitment to a governmental agency. The nature of these commitments exposes the owners of infrastructure assets to a higher level of regulatory control than typically imposed on other businesses. For example, several of our utilities, transport and energy operations are subject to government safety and reliability regulations that are specific to their industries. The risk that a governmental agency will repeal, amend, enact or promulgate a new law or regulation or that a governmental authority will issue a new interpretation of the law or regulations, could affect our operating entities substantially.

Sometimes commitments to governmental agencies, for example, under toll road concession arrangements, involve the posting of financial security for performance of obligations. If obligations are breached these financial securities may be called upon by the relevant agency.

There is also the risk that our operating entities do not have, might not obtain, or may lose permits necessary for their operations. Permits or special rulings may be required on taxation, financial and regulatory related issues. Even though most permits and licenses are obtained before the commencement of operations, many of these licenses and permits have to be renewed or maintained over the life of the business. The conditions and costs of these permits, licenses and consents may be changed on any renewal, or, in some cases, may not be renewed due to unforeseen circumstances or a subsequent change in regulations. In any event, the renewal or non-renewal could have a material adverse effect on our business, financial condition and results of operations.

The risk that a government will repeal, amend, enact or promulgate a new law or regulation or that a regulator or other government agency will issue a new interpretation of the law or regulations, may affect our operations or a project substantially. This may also be due to court decisions and actions of government agencies that affect these operations or a project's performance or the demand for its services. For example, a government policy decision may result in adverse financial outcomes for us through directions to spend money to improve security, safety, reliability or quality of service.

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The lands used for our infrastructure assets may be subject to adverse claims or governmental or First Nations rights.

Our operations require large areas of land on which to be constructed and operated. The rights to use the land can be obtained through freehold title, leases and other rights of use. Although we believe that we have valid rights to all material easements, licenses and rights of way for our infrastructure operations, not all of our easements, licenses and rights of way are registered against the lands to which they relate and may not bind subsequent owners. Additionally, different jurisdictions have adopted different systems of land title and in some jurisdictions it may not be possible to ascertain definitively who has the legal right to enter into land tenure arrangements with the asset owner. In some jurisdictions where we have operations, it is possible to claim indigenous or aboriginal rights to land and the existence or declaration of native title may affect the existing or future activities of our utilities, transport or energy operations and impact on their business, financial condition and results of operations.

In addition, a government, court, regulator, or indigenous or aboriginal group may make a decision or take action that affects an asset or project's performance or the demand for its services. In particular, a regulator may restrict our access to an asset, or may require us to provide third parties with access, or may affect the pricing structure so as to lower our revenues and earnings. In Australia, native title legislation provides for a series of procedures that may need to be complied with if native title is declared on relevant land. In Canada, for example, courts have recognized that First Nations peoples may possess rights at law in respect of land used or occupied by their ancestors where treaties have not been concluded to deal with these rights. In either case, the claims of a First Nations group may affect the existing or future activities of our operations, impact on our business, financial condition and results of operations, or require that compensation be paid.

Some of our transactions and current operations are structured as joint ventures, partnerships and consortium arrangements, and we intend to continue to operate in this manner in the future, which may reduce Brookfield's and our influence over our operations and may subject us to additional obligations.

Some of our transactions and current operations are structured as joint ventures, partnerships and consortium arrangements. An integral part of our strategy is to participate with institutional investors in Brookfield-sponsored or co-sponsored consortiums for single asset acquisitions and as a partner in or alongside Brookfield-sponsored or co-sponsored partnerships that target acquisitions that suit our profile. These arrangements are driven by the magnitude of capital required to complete acquisitions of infrastructure assets and other industry-wide trends that we believe will continue. Such arrangements involve risks not present where a third party is not involved, including the possibility that partners or co-venturers might become bankrupt or otherwise fail to fund their share of required capital contributions. Additionally, partners or co-venturers might at any time have economic or other business interests or goals different from us and Brookfield.

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Joint ventures, partnerships and consortium investments may provide for a reduced level of influence over an acquired company because governance rights are shared with others. Accordingly, decisions relating to the underlying operations, including decisions relating to the management and operation and the timing and nature of any exit, will be made by a majority or supermajority vote of the investors or by separate agreements that are reached with respect to individual decisions. For example, when we participate with institutional investors in Brookfield-sponsored or co-sponsored consortiums for asset acquisitions and as a partner in or alongside Brookfield-sponsored or co-sponsored partnerships, there is often a finite term to the investment or a date after which partners are granted liquidity rights, which could lead to the investment being sold prior to the date we would otherwise choose. In addition, such operations may be subject to the risk that the company may make business, financial or management decisions with which we do not agree or the management of the company may take risks or otherwise act in a manner that does not serve our interests. Because we may have a reduced level of influence over such operations, we may not be able to realize some or all of the benefits that we believe will be created from our and Brookfield's involvement. If any of the foregoing were to occur, our business, financial condition and results of operations could suffer as a result.

In addition, because some of our transactions and current operations are structured as joint ventures, partnerships or consortium arrangements, the sale or transfer of interests in some of our operations are or may be subject to rights of first refusal or first offer, tag along rights or drag along rights and some agreements provide for buy-sell or similar arrangements. For example, some of our investments are subject to a shareholder agreement which allows for the sale of the assets without our consent. Such rights may be triggered at a time when we may not want them to be exercised and such rights may inhibit our ability to sell our interest in an entity within our desired time frame or on any other desired basis.

Our infrastructure business is at risk of becoming involved in disputes and possible litigation.

Our infrastructure business is at risk of becoming involved in disputes and possible litigation, the extent of which cannot be ascertained. Any material or costly dispute or litigation could adversely affect the value of the assets or future financial performance of Brookfield Infrastructure. In addition, as a result of the actions of the Holding Entities or the operating entities, Brookfield Infrastructure could be subject to various legal proceedings concerning disputes of a commercial nature, or to claims in the event of bodily injury or material damage. The final outcome of any proceeding could have a negative impact on the business, financial condition or results of operations of Brookfield Infrastructure during a given quarter or financial year.

Some of our businesses operate in jurisdictions with less developed legal systems and could experience potential difficulties in obtaining effective legal redress and create uncertainties.

Some of our businesses operate in jurisdictions with less developed legal systems than those in more established economies. In these jurisdictions, Brookfield Infrastructure could be faced with potential difficulties in obtaining effective legal redress; a higher degree of discretion on the part of governmental authorities; a lack of judicial or administrative guidance on interpreting applicable rules and regulations; inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; and relative inexperience of the judiciary and courts in such matters.

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In addition, in certain jurisdictions, Brookfield Infrastructure may find that the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements could be uncertain, creating particular concerns with respect to permits, approvals and licenses required or desirable for, or agreements entered into in connection with, the Brookfield Infrastructure business in any such jurisdiction. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licenses, permits or approvals (or applications for licenses, permits or approvals) or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

Action taken by national, state or provincial governments, including nationalization or the imposition of new taxes, could materially impact the financial performance or value of our assets.

Our assets are located in many different jurisdictions, each with its own government and legal system. Different levels of political risk exist in each jurisdiction and it is possible that action taken by a national, state or provincial government, including the nationalization of a business or the imposition of new taxes, could materially impact our financial performance or in extreme cases deprive Brookfield Infrastructure of one or more of its businesses without adequate compensation.

Our business relies on the use of technology, and as a result, we may be exposed to cyber-security attacks.

Our business places significant reliance on information and other technology. This technology includes our computer systems used for information, processing, administrative and commercial operations and the operating plant and equipment used by our assets, including that on our toll roads, in our electricity transmission systems, coal terminal operations, ports, rail networks, and by our electricity and gas distribution companies. In addition, our business also relies upon telecommunication services to interface with its widely distributed business network and customers. The information and embedded systems of key business partners and regulatory agencies are also important to our operations. Our business relies on this technology functioning as intended.

Our computer systems may be subject to cybersecurity risks or other breaches of information technology security, noting the increasing frequency and severity of these kinds of incidents. Further, the operating equipment used by our assets may not continue to perform as it has in the past, and there is a risk of equipment failure due to wear and tear, latent defect, design or operator errors or early obsolescence, among other things.

A breach of our cyber/data security measures, the failure of any such computerized system or of the operating equipment used by our assets for a significant time period could have a material adverse effect on our business prospects, financial condition, results of operations and cash flow and it may not be possible to recover losses suffered from such incidents under our insurance policies. Although we are continuing to develop defenses to such attacks, we can provide no assurance they will be successful in preventing or ameliorating damage from such an attack on us and, as the manner in which cyber-attacks are undertaken has become more sophisticated, there is a risk that the occurrence of cyber-attack may remain undetected for an extended period.

Furthermore, our communications infrastructure operations rely for their continued viability on the ongoing demand for tower infrastructure, which is uncertain and could be subject to bypass risk or obsolescence as a result of new or developing technologies.

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Many of our operations depend on relevant contractual arrangements.

Many of our operations rely on revenue from customers under contracts. There is a risk that customers will default under these contracts. We cannot provide assurance that one or more customers will not default on their obligations to us or that such a default or defaults will not have a material adverse effect on our operations, financial position, future results of operations, or future cash flows. Furthermore, the bankruptcy of one or more of our customers, or some other similar proceeding or liquidity constraint, might make it unlikely that we would be able to collect all or a significant portion of amounts owed by the distressed entity or entities. In addition, such events might force such customers to reduce or curtail their future use of our products and services, which could have a material adverse effect on our business, financial condition and results of operations. For example, we have a single customer which represented a majority of contractual and regulated revenues of our South American electricity transmission operations in 2014. As this accounts for a majority of its cash flow, our South American electricity transmission operations could be materially adversely affected by any material change in the financial condition of that customer. Similarly, our rail business is party to several commercial track access agreements to provide access to our rail network for the haulage of iron ore. The largest of these contracts currently accounts for a significant portion of forecast Adjusted EBITDA within the rail business and an event of default under this contract could have a materially adverse effect on that business.

We endeavour to minimize risk wherever possible by structuring our contracts in a way that minimizes volume risk (e.g. minimum guaranteed volumes and 'take-or-pay' arrangements), however it is possible that the take-or-pay arrangements may not be fully effective. In addition, the contract terms are finite and in some cases the contracts contain termination or suspension rights for the benefit of the customer.

Certain of our assets with revenues contracted under contracts will be subject to re-contracting risk in the future. We cannot provide assurance that we will be able to re-negotiate these contracts once their terms expire, or that even if we are able to do so, that we will be able to obtain the same prices or terms we currently receive. If we are unable to renegotiate these contracts, or unable to receive prices at least equal to the current prices we receive, our business, financial condition, results of operation and prospects could be adversely affected.

We rely on tolling and revenue collection systems.

Revenues at some of our assets depend on reliable and efficient tolling, metering or other revenue collection systems. There is a risk that, if one or more of our businesses are not able to operate and maintain these tolling, metering or other revenue collection systems in the manner expected, or if the cost of operation and maintenance is greater than expected, our assets, business, financial condition, and risks of operations could be materially adversely affected. Users of our facilities who do not pay tolls or other charges may be subject to either direct legal action from the relevant business, or in some cases may be referred to the state for enforcement action. We bear the ultimate risk if enforcement actions against defaulting customers are not successful or if enforcement actions are more costly or take more time than expected.

Our ability to finance our operations is subject to various risks relating to the state of the capital markets.

Our financing strategy involves both the issuance of partnership level equity and the issuance of corporate debt. For example, in December 2016, we issued approximately 15.6 million units at $32 per unit in the United States and Canada, together with 8,139,000 additional Redeemable Partnership Units to Brookfield in a concurrent private placement, and in August 2016, we raised C$250 million of gross proceeds through the issuance of Series 5 Preferred Units in Canada.

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We have corporate debt and limited recourse project level debt, the majority of which is non-recourse that will need to be replaced from time to time. Our financings may contain conditions that limit our ability to repay indebtedness prior to maturity without incurring penalties, which may limit our capital markets flexibility. Refinancing risk includes, among other factors, dependence on continued operating performance of our assets, future electricity market prices, future capital markets conditions, the level of future interest rates and investors' assessment of our credit risk at such time. In addition, certain of our financings are, and future financings may be exposed to floating interest rate risks, and if interest rates increase, an increased proportion of our cash flow may be required to service indebtedness. Future acquisitions, development and construction of new facilities and other capital expenditures will be financed out of cash generated from our operations, borrowings and possible future sales of equity. Our ability to obtain financing to finance our growth is dependent on, among other factors, the overall state of the capital markets, continued operating performance of our assets, future electricity market prices, the level of future interest rates and investors' assessment of our credit risk at such time, and investor appetite for investments in renewable energy and infrastructure assets in general and in our securities in particular. To the extent that external sources of capital become limited or unavailable or available on onerous terms, our ability to make necessary capital investments to construct new or maintain existing facilities will be impaired, and as a result, our business, financial condition, results of operations and prospects may be materially adversely affected.

Changes in our credit ratings may have an adverse effect on our financial position and ability to raise capital.

We cannot assure you that any credit rating assigned to us or any of our subsidiaries' debt securities will remain in effect for any given period of time or that any rating will not be lowered or withdrawn entirely by the relevant rating agency. A lowering or withdrawal of such ratings may have an adverse effect on our financial position and ability to raise capital.

We may suffer a significant loss resulting from fraud, bribery, corruption other illegal acts, inadequate or failed internal processes or systems, or from external events.

We may suffer a significant loss resulting from fraud, bribery, corruption, other illegal acts by our employees or those of Brookfield, inadequate or failed internal processes or systems, or from external events, such as security threats affecting our ability to operate. Both Brookfield and our partnership operate in different markets and rely on our employees to follow our policies and processes as well as applicable laws in their activities. Risk of illegal acts or failed systems is managed through our infrastructure, controls, systems and people, complemented by a focus on enterprise-wide management of specific operational risks such as fraud, bribery and corruption, as well as personnel and systems risks. Specific programs, policies, standards and methodologies have been developed to support the management of these risks, however these cannot guarantee that such conduct does not occur and if it does, it can result in direct or indirect financial loss, reputational impact or regulatory consequences.

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Risks Relating to Our Relationship with Brookfield

Brookfield exercises substantial influence over our partnership and we are highly dependent on the Service Provider.

Brookfield is the sole shareholder of our General Partner. As a result of its ownership of our General Partner, Brookfield is able to control the appointment and removal of our General Partner's directors and, accordingly, exercise substantial influence over our partnership and over the Holding LP, for which our partnership is the managing general partner. Our partnership and the Holding LP do not have any employees and depend on the management and administration services provided by the Service Provider. Brookfield personnel and support staff that provide services to us are not required to have as their primary responsibility the management and administration of our partnership or the Holding LP or to act exclusively for either of us. Any failure to effectively manage our current operations or to implement our strategy could have a material adverse effect on our business, financial condition and results of operations.

Brookfield has no obligation to source acquisition opportunities for us and we may not have access to all infrastructure acquisitions that Brookfield identifies.

Our ability to grow depends on Brookfield's ability to identify and present us with acquisition opportunities. Brookfield established our partnership to own and operate certain infrastructure assets on a global basis. However, Brookfield has no obligation to source acquisition opportunities for us. In addition, Brookfield has not agreed to commit to us any minimum level of dedicated resources for the pursuit of infrastructure-related acquisitions. There are a number of factors which could materially and adversely impact the extent to which suitable acquisition opportunities are made available from Brookfield, for example:

- there is no accepted industry standard for what constitutes an infrastructure asset. For example, Brookfield may consider certain assets that have both real-estate related characteristics and infrastructure related characteristics to be real estate and not infrastructure;
- it is an integral part of Brookfield's (and our) strategy to pursue the acquisition of infrastructure assets through consortium arrangements with institutional investors, strategic partners or financial sponsors and to form partnerships to pursue such acquisitions on a specialized or global basis. Although Brookfield has agreed with us that it will not enter any such arrangements that are suitable for us without giving us an opportunity to participate in them, there is no minimum level of participation to which we will be entitled;
- the same professionals within Brookfield's organization that are involved in acquisitions that are suitable for us are responsible for the consortiums and partnerships referred to above, as well as having other responsibilities within Brookfield's broader asset management business. Limits on the availability of such individuals will likewise result in a limitation on the availability of acquisition opportunities for us;
- Brookfield will only recommend acquisition opportunities that it believes are suitable for us. Our focus is on assets where we believe that our operations-oriented approach can be deployed to create value. Accordingly, opportunities where Brookfield cannot play an active role in influencing the underlying operating company or managing the underlying assets may not be suitable for us, even though they may be attractive from a purely financial perspective. Legal, regulatory, tax and other commercial considerations will likewise be an important consideration in determining whether an opportunity is suitable and will limit our ability to participate in these more passive investments and may limit our ability to have more than 50% of our assets concentrated in a single jurisdiction; and

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- in addition to structural limitations, the question of whether a particular acquisition is suitable is highly subjective and is dependent on a number of factors including our liquidity position at the time, the risk profile of the opportunity, its fit with the balance of our then current operations and other factors. If Brookfield determines that an opportunity is not suitable for us, it may still pursue such opportunity on its own behalf, or on behalf of a Brookfield-sponsored partnership or consortium.

In making these determinations, Brookfield may be influenced by factors that result in a misalignment or conflict of interest. See Item 7.B "Related Party Transactions—Conflicts of Interest and Fiduciary Duties."

The departure of some or all of Brookfield's professionals could prevent us from achieving our objectives.

We depend on the diligence, skill and business contacts of Brookfield's professionals and the information and opportunities they generate during the normal course of their activities. Our future success will depend on the continued service of these individuals, who are not obligated to remain employed with Brookfield. Brookfield has experienced departures of key professionals in the past and may do so in the future, and we cannot predict the impact that any such departures will have on our ability to achieve our objectives. The departure of a significant number of Brookfield's professionals for any reason, or the failure to appoint qualified or effective successors in the event of such departures, could have a material adverse effect on our ability to achieve our objectives. Our Limited Partnership Agreement and our Master Services Agreement do not require Brookfield to maintain the employment of any of its professionals or to cause any particular professionals to provide services to us or on our behalf.

The control of our General Partner may be transferred to a third party without unitholder or preferred unitholder consent.

Our General Partner may transfer its general partnership interest to a third party in a merger or consolidation or in a transfer of all or substantially all of its assets without the consent of our unitholders or preferred unitholders. Furthermore, at any time, the shareholder of our General Partner may sell or transfer all or part of its shares in our General Partner without the approval of our unitholders or preferred unitholders. If a new owner were to acquire ownership of our General Partner and to appoint new directors or officers of its own choosing, it would be able to exercise substantial influence over our partnership's policies and procedures and exercise substantial influence over our management and the types of acquisitions that we make. Such changes could result in our partnership's capital being used to make acquisitions in which Brookfield has no involvement or in making acquisitions that are substantially different from our targeted acquisitions. Additionally, our partnership cannot predict with any certainty the effect that any transfer in the ownership of our General Partner would have on the trading price of our units and preferred units or our partnership's ability to raise capital or make investments in the future, because such matters would depend to a large extent on the identity of the new owner and the new owner's intentions with regard to our partnership. As a result, the future of our partnership would be uncertain and our partnership's business, financial condition and results of operations may suffer.

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Brookfield's ownership position of our partnership and the Holding LP entitles it to a significant percentage of our distributions, and Brookfield may increase its ownership relative to other unitholders.

Brookfield beneficially owns, directly or indirectly, approximately 29.5% of our units on a fully-exchanged basis, substantially all of which consists of 108,401,992 Redeemable Partnership Units of the Holding LP that are redeemable for cash or exchangeable for our units in accordance with the Redemption-Exchange Mechanism. See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption-Exchange Mechanism." In addition, Brookfield owns approximately 0.4% of the Holding LP through Special Limited Partner Units, which entitle Brookfield to receive distributions in proportion to its special limited partnership interest, plus additional incentive distributions, as described in Item 7.B "Related Party Transactions—Special Limited Partner Distributions" and "—Incentive Distributions." Accordingly, Brookfield's ownership position of Redeemable Partnership Units and Special Limited Partner Units allows Brookfield to receive a substantial percentage of our distributions. See Item 10.B "Memorandum and Articles of Association."

Brookfield may increase its ownership position in our partnership and the Holding LP. Under the distribution reinvestment plan of the Holding LP, Brookfield can reinvest distributions on its Redeemable Partnership Units for additional Redeemable Partnership Units. In addition, Brookfield may also elect to reinvest incentive distributions from its Special Limited Partner Units in exchange for additional Redeemable Partnership Units. Brookfield has advised us that it may from time to time reinvest these distributions for such additional Redeemable Partnership Units, which would increase its beneficial ownership percentage of our units and increase its share of distributions relative to public unitholders. To date, Brookfield has not elected to reinvest any of the distributions from its Redeemable Partnership Units or its Special Limited Partner Units for additional Redeemable Partnership Units, but it may elect to do so in the future.

Brookfield may also purchase additional units of our partnership in the open market or pursuant to private placement. Brookfield historically has purchased additional Redeemable Partnership Units in private placements concurrent with public offerings of our units. Most recently, it purchased 8,139,000 Redeemable Partnership Units in connection with our December 2016 offering. See Item 5.B "Liquidity and Capital Resources—Partnership Capital."

Any of these events may result in Brookfield increasing its ownership of our units relative to other unitholders, which could reduce the amount of cash available for distribution to public unitholders.

Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any fiduciary duties to act in the best interests of our unitholders or preferred unitholders.

Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any duty (statutory or otherwise) to act in the best interests of the Service Recipients, nor do they impose other duties that are fiduciary in nature. As a result, our General Partner, a wholly-owned subsidiary of Brookfield Asset Management, in its capacity as our General Partner, has sole authority to enforce the terms of such agreements and to consent to any waiver, modification or amendment of their provisions, subject to approval by a majority of our independent directors in accordance with our conflicts protocol.

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In addition, the *Bermuda Limited Partnership Act of 1883* ("Bermuda Limited Partnership Act"), under which our partnership and the Holding LP were established, does not impose statutory fiduciary duties on a general partner of a limited partnership in the same manner that certain corporate statutes, such as the *Canada Business Corporations Act* ("Canada Business Corporations Act"), impose fiduciary duties on directors of a corporation. In general, under applicable Bermudian legislation, a general partner has a duty to: (i) act at all times in good faith; and (ii) subject to any express provisions of the partnership agreement to the contrary, act in the interests of the limited partnership. Applicable Bermuda legislation also provides that a general partner has certain limited duties to its limited partners, such as the duty to render accounts, account for private profits and not compete with the partnership in business. In addition, Bermudian common law recognizes that a general partner owes a duty of utmost good faith to its limited partners. These duties are, in most respects, similar to duties imposed on a general partner of a limited partnership under U.S. and Canadian law. However, to the extent that our General Partner owes any such fiduciary duties to our partnership, our preferred unitholders and unitholders, these duties have been modified pursuant to our Limited Partnership Agreement as a matter of contract law, with the exception of the duty of our General Partner to act in good faith, which cannot be modified. We have been advised by Bermudian counsel that such modifications are not prohibited under Bermudian law, subject to typical qualifications as to enforceability of contractual provisions, such as the application of general equitable principles. This is similar to Delaware law which expressly permits modifications to the fiduciary duties owed to partners, other than an implied contractual covenant of good faith and fair dealing.

Our Limited Partnership Agreement contains various provisions that modify the fiduciary duties that might otherwise be owed to our partnership, our preferred unitholders and unitholders, including when conflicts of interest arise. Specifically, our Limited Partnership Agreement states that no breach of our Limited Partnership Agreement or a breach of any duty, including fiduciary duties, may be found for any matter that has been approved by a majority of the independent directors of our General Partner. In addition, when resolving conflicts of interest, our Limited Partnership Agreement does not impose any limitations on the discretion of the independent directors or the factors which they may consider in resolving any such conflicts. The independent directors of our General Partner can therefore take into account the interests of third parties, including Brookfield, when resolving conflicts of interest. Additionally, any fiduciary duty that is imposed under any applicable law or agreement is modified, waived or limited to the extent required to permit our General Partner to undertake any affirmative conduct or to make any decisions, so long as such action is reasonably believed to be in, or not inconsistent with, the best interests of our partnership.

In addition, our Limited Partnership Agreement provides that our General Partner and its affiliates do not have any obligation under our Limited Partnership Agreement, or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to our partnership, the Holding LP, any Holding Entity or any other holding entity established by us. They also allow affiliates of our General Partner to engage in activities that may compete with us or our activities. Additionally, any failure by our General Partner to consent to any merger, consolidation or combination will not result in a breach of our Limited Partnership Agreement or any other provision of law. Our Limited Partnership Agreement prohibits our limited partners from advancing claims that otherwise might raise issues as to compliance with fiduciary duties or applicable law. These modifications to the fiduciary duties are detrimental to our unitholders and preferred unitholders because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty and permit conflicts of interest to be resolved in a manner that is not in the best interests of our partnership or the best interests of our unitholders and preferred unitholders. See Item 7.B "Related Party Transactions—Conflicts of Interest and Fiduciary Duties".

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Our organizational and ownership structure may create significant conflicts of interest that may be resolved in a manner that is not in the best interests of our partnership or the best interests of our unitholders and preferred unitholders.

Our organizational and ownership structure involves a number of relationships that may give rise to conflicts of interest between our partnership, our unitholders and preferred unitholders, on the one hand, and Brookfield, on the other hand. In certain instances, the interests of Brookfield may differ from the interests of our partnership, our preferred unitholders and our unitholders, including with respect to the types of acquisitions made, the timing and amount of distributions by our partnership, the reinvestment of returns generated by our operations, the use of leverage when making acquisitions and the appointment of outside advisors and service providers, including as a result of the reasons described under Item 7.B "Related Party Transactions".

In addition, the Service Provider, an affiliate of Brookfield, provides management services to us pursuant to our Master Services Agreement. Pursuant to our Master Services Agreement, on a quarterly basis, we pay a base management fee to the Service Provider equal to 0.3125% (1.25% annually) of the market value of our partnership. For purposes of calculating the base management fee, the market value of our partnership is equal to the aggregate value of all our outstanding units (assuming full conversion of Brookfield's limited partnership interests in Brookfield Infrastructure into units), preferred units and securities of the other Service Recipients that are not held by Brookfield Infrastructure, plus all outstanding third party debt with recourse to a Service Recipient, less all cash held by such entities. Infrastructure Special LP will also receive incentive distributions based on the amount by which quarterly distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed specified target levels as set forth in the Holding LP's limited partnership agreement. For a further explanation of the base management fee and incentive distributions, see Item 6.A "Directors and Senior Management—Management Fee" and Item 7.B "Related Party Transactions—Incentive Distributions". This relationship may give rise to conflicts of interest between us, our unitholders and preferred unitholders, on the one hand, and Brookfield, on the other, as Brookfield's interests may differ from the interests of Brookfield Infrastructure, our unitholders and preferred unitholders.

Our General Partner, the sole shareholder of which is Brookfield, has sole authority to determine whether we will make distributions and the amount of distributions on our units and timing of these distributions. The arrangements we have with Brookfield may create an incentive for Brookfield to take actions which would have the effect of increasing distributions and fees payable to it, which may be to the detriment of us, our unitholders and preferred unitholders. For example, because the base management fee is calculated based on the market value of our partnership, it may create an incentive for Brookfield to increase or maintain the market value of our partnership over the near-term when other actions may be more favourable to us or our unitholders and preferred unitholders. Similarly, Brookfield may take actions to increase distributions on our units in order to ensure Brookfield is paid incentive distributions in the near-term when other investments or actions may be more favourable to us or our unitholders and preferred unitholders. Also, through Brookfield's ownership of our units and the Redeemable Partnership Units, it has an effective economic interest in our partnership of approximately 29.5% and therefore may be incentivized to increase distributions payable to our unitholders and thereby to Brookfield.

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Our arrangements with Brookfield were negotiated in the context of an affiliated relationship and may contain terms that are less favourable than those which otherwise might have been obtained from unrelated parties.

The terms of our arrangements with Brookfield were effectively determined by Brookfield in the context of the spin-off. While our General Partner's independent directors are aware of the terms of these arrangements and have approved the arrangements on our behalf, they did not negotiate the terms. These terms, including terms relating to compensation, contractual or fiduciary duties, conflicts of interest and Brookfield's ability to engage in outside activities, including activities that compete with us, our activities and limitations on liability and indemnification, may be less favourable than otherwise might have resulted if the negotiations had involved unrelated parties. Under our Limited Partnership Agreement, persons who acquire our units or preferred units and their transferees will be deemed to have agreed that none of those arrangements constitutes a breach of any duty that may be owed to them under our Limited Partnership Agreement or any duty stated or implied by law or equity.

Our General Partner may be unable or unwilling to terminate the Master Services Agreement.

The Master Services Agreement provides that the Service Recipients may terminate the agreement only if: the Service Provider defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to us and the default continues unremedied for a period of 30 days after written notice of the breach is given to the Service Provider; the Service Provider engages in any act of fraud, misappropriation of funds or embezzlement against any Service Recipient that results in material harm to us; the Service Provider is grossly negligent in the performance of its duties under the agreement and such negligence results in material harm to the Service Recipients; or upon the happening of certain events relating to the bankruptcy or insolvency of the Service Provider. Our General Partner cannot terminate the agreement for any other reason, including if the Service Provider or Brookfield experiences a change of control, and there is no fixed term to the agreement. In addition, because our General Partner is an affiliate of Brookfield, it may be unwilling to terminate the Master Services Agreement, even in the case of a default. If the Service Provider's performance does not meet the expectations of investors, and our General Partner is unable or unwilling to terminate the Master Services Agreement, the market price of our units or preferred units could suffer. Furthermore, the termination of the Master Services Agreement would terminate our partnership's rights under the Relationship Agreement and our Licensing Agreements. See Item 7.B "Related Party Transactions—Relationship Agreement" and Item 7.B "Related Party Transactions—Licensing Agreements".

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The liability of the Service Provider is limited under our arrangements with it and we have agreed to indemnify the Service Provider against claims that it may face in connection with such arrangements, which may lead it to assume greater risks when making decisions relating to us than it otherwise would if acting solely for its own account.

Under the Master Services Agreement, the Service Provider has not assumed any responsibility other than to provide or arrange for the provision of the services described in the Master Services Agreement in good faith and will not be responsible for any action that our General Partner takes in following or declining to follow its advice or recommendations. In addition, under our Limited Partnership Agreement, the liability of our General Partner and its affiliates, including the Service Provider, is limited to the fullest extent permitted by law to conduct involving bad faith, fraud or willful misconduct or, in the case of a criminal matter, action that was known to have been unlawful. The liability of the Service Provider under the Master Services Agreement is similarly limited, except that the Service Provider is also liable for liabilities arising from gross negligence. In addition, our partnership has agreed to indemnify the Service Provider to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses incurred by an indemnified person or threatened in connection with our operations, investments and activities or in respect of or arising from the Master Services Agreement or the services provided by the Service Provider, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the conduct in respect of which such persons have liability as described above. These protections may result in the Service Provider tolerating greater risks when making decisions than otherwise would be the case, including when determining whether to use leverage in connection with acquisitions. The indemnification arrangements to which the Service Provider is a party may also give rise to legal claims for indemnification that are adverse to our partnership, our unitholders and preferred unitholders.

Risks Relating to Our Partnership Structure

Brookfield Infrastructure and our operating entities use leverage and such indebtedness may result in Brookfield Infrastructure or our operating entities being subject to certain covenants which restrict our ability to engage in certain types of activities or to make distributions to equity.

The Holding LP and many of our Holding Entities and operating entities have entered into credit facilities or have incurred other forms of debt, including for the purposes of acquisitions and investments as well as for general corporate purposes. The total quantum of exposure to debt within Brookfield Infrastructure is significant, and we may become more highly leveraged in the future. Some facilities are fully drawn, while some have amounts of principal which are undrawn.

Highly leveraged assets are inherently more sensitive to declines in revenues, increases in expenses and interest rates and adverse economic, market and industry developments. A leveraged company's income and net assets also tend to increase or decrease at a greater rate than would otherwise be the case if money had not been borrowed. As a result, the risk of loss associated with a leveraged company, all other things being equal, is generally greater than for companies with comparatively less debt. In addition, the use of indebtedness in connection with an acquisition may give rise to negative tax consequences to certain investors. Leverage may also result in a requirement for short-term liquidity, which may force the sale of assets at times of low demand and/or prices for such assets. This may mean that we are unable to realize fair value for the assets in a sale.

Our credit facilities also contain covenants applicable to the relevant borrower and events of default. Covenants can relate to matters including limitations on financial indebtedness, dividends, investments, or minimum amounts for interest coverage, Adjusted EBITDA, cash flow or net worth. If an event of default occurs, or minimum covenant requirements are not satisfied, this can result in a requirement to immediately repay any drawn amounts or the imposition of other restrictions including a prohibition on the payment of distributions to equity.

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Our credit facilities or other debt or debt-like instruments may or may not be rated. Should such debt or debt-like instruments be rated, a credit downgrade may have an adverse impact on the cost of such debt.

Our partnership is a holding entity and currently we rely on the Holding LP and, indirectly, the Holding Entities and our operating entities to provide us with the funds necessary to pay distributions and meet our financial obligations.

Our partnership is a holding entity and its sole material asset is its managing general partnership interest and preferred limited partnership interest in the Holding LP, which owns all of the common shares of the Holding Entities, through which we hold all of our interests in the operating entities. Our partnership has no independent means of generating revenue. As a result, we depend on distributions and other payments from the Holding LP and, indirectly, the Holding Entities and our operating entities to provide us with the funds necessary to pay distributions on our units and preferred units and to meet our financial obligations. The Holding LP, the Holding Entities and our operating entities are legally distinct from us and some of them are or may become restricted in their ability to pay dividends and distributions or otherwise make funds available to us pursuant to local law, regulatory requirements and their contractual agreements, including agreements governing their financing arrangements, such as the Holding LP's credit facilities and other indebtedness incurred by the Holding Entities and operating entities. Any other entities through which we may conduct operations in the future will also be legally distinct from us and may be similarly restricted in their ability to pay dividends and distributions or otherwise make funds available to us under certain conditions. The Holding LP, the Holding Entities and our operating entities will generally be required to service their debt obligations before making distributions to us or their parent entities, as applicable, thereby reducing the amount of our cash flow available to pay distributions, fund working capital and satisfy other needs.

Our partnership anticipates that the only distributions that it will receive in respect of our partnership's managing general partnership interest in the Holding LP will consist of amounts that are intended to assist our partnership in making distributions to our unitholders in accordance with our partnership's distribution policy and to allow our partnership to pay expenses as they become due. Distributions received in respect of our partnership's preferred limited partnership interest in the Holding LP will consist of amounts that are intended to assist our partnership in making distributions to our preferred unitholders in accordance with the terms of our preferred units. The declaration and payment of cash distributions by our partnership is at the discretion of our General Partner. Our partnership is not required to make such distributions and neither our partnership nor our General Partner can assure you that our partnership will make such distributions as intended.

While we plan to review our partnership's distributions to our unitholders periodically, there is no guarantee that we will be able to increase, or even maintain the level of distributions that are paid. Historically, as a result of this review, we decided to increase distributions in each of the last five years. However, such historical increases in distribution payments may not be reflective of any future increases in distribution payments which will be subject to review by the board of directors of our General Partner taking into account prevailing circumstances at the relevant time. Although we intend to make distributions on our units in accordance with our distribution policy, our partnership is not required to pay distributions on our units and neither our partnership nor our General Partner can assure you that our partnership will be able to increase or even maintain the level of distributions on our units that are made in the future.

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Future sales or issuances of our units or preferred units in the public markets, or the perception of such sales or issuances, could depress the trading price of our units and/or preferred units.

The sale or issuance of a substantial number of our units, preferred units or other equity related securities of our partnership in the public markets, or the perception that such sales or issuances could occur, could depress the market price of our units or preferred units and impair our ability to raise capital through the sale of additional units or preferred units. For example, in December 2016, we issued 15,625,000 units in a public offering in the United States and Canada, together with 8,139,000 additional Redeemable Partnership Units to Brookfield in a concurrent private placement, and in August 2016, we raised C$250 million of gross proceeds through the issuance of Series 5 Preferred Units in Canada. We cannot predict the effect that future sales or issuances of our units, preferred units or other equity-related securities would have on the market price of our units or preferred units.

Our partnership is not, and does not intend to become, regulated as an investment company under the Investment Company Act (and similar legislation in other jurisdictions) and if our partnership was deemed an "investment company" under the Investment Company Act, applicable restrictions could make it impractical for us to operate as contemplated.

The Investment Company Act (and similar legislation in other jurisdictions) provide certain protections to investors and impose certain restrictions on companies that are required to be regulated as investment companies. Among other things, such rules limit or prohibit transactions with affiliates, impose limitations on the issuance of debt and equity securities and impose certain governance requirements. Our partnership has not been and does not intend to become regulated as an investment company and our partnership intends to conduct its activities so it will not be deemed to be an investment company under the Investment Company Act (and similar legislation in other jurisdictions). In order to ensure that we are not deemed to be an investment company, we may be required to materially restrict or limit the scope of our operations or plans. We will be limited in the types of acquisitions that we may make, and we may need to modify our organizational structure or dispose of assets of which we would not otherwise dispose. Moreover, if anything were to happen which causes our partnership to be deemed an investment company under the Investment Company Act, it would be impractical for us to operate as contemplated. Agreements and arrangements between and among us and Brookfield would be impaired, the type and amount of acquisitions that we would be able to make as a principal would be limited and our business, financial condition and results of operations would be materially adversely affected. Accordingly, we would be required to take extraordinary steps to address the situation, such as the amendment or termination of the Master Services Agreement, the restructuring of our partnership and the Holding Entities, the amendment of our Limited Partnership Agreement or the termination of our partnership, any of which could materially adversely affect the value of our units and preferred units. In addition, if our partnership were deemed to be an investment company under the Investment Company Act, it would be taxable as a corporation for U.S. federal income tax purposes, and such treatment could materially adversely affect the value of our units and preferred units.

Our partnership is an "SEC foreign issuer" under Canadian securities regulations and is exempt from certain requirements of Canadian securities laws and a "foreign private issuer" under U.S. securities laws and as a result is subject to disclosure obligations different from requirements applicable to U.S. domestic registrants listed on the New York Stock Exchange ("NYSE").

Although our partnership is a reporting issuer in Canada, it is an "SEC foreign issuer" and is exempt from certain Canadian securities laws relating to disclosure obligations and proxy solicitation, subject to certain conditions. Therefore, there may be less publicly available information in Canada about our partnership than would be available if we were a typical Canadian reporting issuer.

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Although our partnership is subject to the periodic reporting requirement of the *U.S. Securities Exchange Act of 1934*, as amended, and the rules and regulations promulgated thereunder ("Exchange Act"), the periodic disclosure required of foreign private issuers under the Exchange Act is different from periodic disclosure required of U.S. domestic registrants. Therefore, there may be less publicly available information about our partnership than is regularly published by or about other public limited partnerships in the U.S. Our partnership is exempt from certain other sections of the Exchange Act to which U.S. domestic issuers are subject, including the requirement to provide our unitholders with information statements or proxy statements that comply with the Exchange Act. In addition, insiders and large unitholders of our partnership are not obligated to file reports under Section 16 of the Exchange Act, and certain corporate governance rules imposed by the NYSE are inapplicable to our partnership.

We may be subject to the risks commonly associated with a separation of economic interest from control or the incurrence of debt at multiple levels within an organizational structure.

Our ownership and organizational structure is similar to structures whereby one company controls another company which in turn holds controlling interests in other companies; thereby, the company at the top of the chain may control the company at the bottom of the chain even if its effective equity position in the bottom company is less than a controlling interest. Brookfield controls the sole shareholder of our General Partner and, as a result of such ownership of our General Partner, Brookfield is able to control the appointment and removal of our General Partner's directors and, accordingly, exercises substantial influence over us. In turn, we often have a majority controlling interest or a significant influence in our investments. Even though Brookfield currently has an effective economic interest in our partnership of approximately 29.5% as a result of ownership of our units and the Redeemable Partnership Units, over time Brookfield may reduce this economic interest while still maintaining its controlling interest, and, therefore, Brookfield may use its control rights in a manner that conflicts with the economic interests of our other unitholders and preferred unitholders. For example, despite the fact that we have a conflicts protocol in place, which addresses the requirement for independent approval and other requirements for transactions in which there is greater potential for a conflict of interest to arise, including transactions with affiliates of Brookfield, because Brookfield will be able to exert substantial influence over us, and, in turn, over our investments, there is a greater risk of transfer of assets of our investments at non-arm's length values to Brookfield and its affiliates. In addition, debt incurred at multiple levels within the chain of control could exacerbate the separation of economic interest from controlling interest at such levels, thereby creating an incentive to leverage us and our investments. Any such increase in debt would also make us more sensitive to declines in revenues, increases in expenses and interest rates, and adverse market conditions. The servicing of any such debt would also reduce the amount of funds available to pay distributions to us and ultimately to our unitholders and preferred unitholders.

Our failure to maintain effective internal controls could have a material adverse effect on our business in the future and the price of our units and preferred units.

Any failure to maintain adequate internal controls over financial reporting or to implement required, new or improved controls, or difficulties encountered in their implementation, could cause us to report material weaknesses or other deficiencies in our internal controls over financial reporting and could result in errors or misstatements in our consolidated financial statements that could be material. If we or our independent registered public accounting firm were to conclude that our internal controls over financial reporting were not effective, investors could lose confidence in our reported financial information and the price of our units and preferred units could decline. Our failure to achieve and maintain effective internal controls could have a material adverse effect on our business in the future, our access to the capital markets and investors' perception of us. In addition, material weaknesses in our internal controls could require significant expense and management time to remediate.

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Risks Relating to Our Units and Preferred Units

Our unitholders and preferred unitholders do not have a right to vote on partnership matters or to take part in the management of our partnership.

Under our Limited Partnership Agreement, our unitholders and preferred unitholders are not entitled to vote on matters relating to our partnership, such as acquisitions, dispositions or financing, or to participate in the management or control of our partnership. In particular, our unitholders and preferred unitholders do not have the right to remove our General Partner, to cause our General Partner to withdraw from our partnership, to cause a new general partner to be admitted to our partnership, to appoint new directors to our General Partner's board of directors, to remove existing directors from our General Partner's board of directors or to prevent a change of control of our General Partner. In addition, except for certain fundamental matters and as prescribed by applicable laws, our unitholders' and preferred unitholders consent rights apply only with respect to certain amendments to our Limited Partnership Agreement. As a result, unlike holders of common stock of a corporation, our unitholders are not able to influence the direction of our partnership, including its policies and procedures, or to cause a change in its management, even if they are unsatisfied with the performance of our partnership. Consequently, our unitholders may be deprived of an opportunity to receive a premium for their units in the future through a sale of our partnership and the trading price of our units may be adversely affected by the absence or a reduction of a takeover premium in the trading price. Unitholders and preferred unitholders only have a right to vote under limited circumstances as described in Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement."

The market price of our units and preferred units may be volatile.

The market price of our units and preferred units may be highly volatile and could be subject to wide fluctuations. Some of the factors that could negatively affect the price of our units and preferred units include: general market and economic conditions, including disruptions, downgrades, credit events and perceived problems in the credit markets; actual or anticipated variations in our quarterly operating results or distributions on our units; actual or anticipated variations or trends in market interest rates; changes in our investments or asset composition; write-downs or perceived credit or liquidity issues affecting our assets; market perception of our partnership, our business and our assets; our level of indebtedness and/or adverse market reaction to any indebtedness we incur in the future; our ability to raise capital on favourable terms or at all; loss of any major funding source; the termination of our Master Services Agreement or additions or departures of our or Brookfield's key personnel; changes in market valuations of similar infrastructure companies; speculation in the press or investment community regarding us or Brookfield; and changes in U.S. tax laws that make it impractical or impossible for our partnership to continue to be taxable as a partnership for U.S. federal income tax purposes. Securities markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies or partnerships. Any broad market fluctuations may adversely affect the trading price of our units and preferred units.

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We may need additional funds in the future and we may issue additional units or preferred units in lieu of incurring indebtedness which may dilute existing holders of our units or we may issue securities that have rights and privileges that are more favourable than the rights and privileges accorded to our unitholders and preferred unitholders.

Under our Limited Partnership Agreement subject to the terms of any preferred units then outstanding, we may issue additional partnership securities, including units, preferred units and options, rights, warrants and appreciation rights relating to partnership securities for any purpose and for such consideration and on such terms and conditions as our General Partner may determine. Subject to the terms of any preferred units outstanding, our General Partner's board of directors will be able to determine the class, designations, preferences, rights, powers and duties of any additional partnership securities, including any rights to share in our profits, losses and distributions, any rights to receive partnership assets upon our dissolution or liquidation and any redemption, conversion and exchange rights. Subject to the terms of any preferred units outstanding, our General Partner may use such authority to issue additional units or preferred units, which could dilute holders of our units, or to issue securities with rights and privileges that are more favourable than those of our units or preferred units. Subject to the terms of any preferred units then outstanding, holders of units and preferred units will not have any pre-emptive right or any right to consent to or otherwise approve the issuance of any such securities or the terms on which any such securities may be issued.

Non-U.S. unitholders will be subject to foreign currency risk associated with Brookfield Infrastructure's distributions.

A significant number of our unitholders will reside in countries where the U.S. dollar is not the functional currency. Our distributions are denominated in U.S. dollars but are settled in the local currency of the unitholder receiving the distribution. For each non-U.S. unitholder, the value received in the local currency from the distribution will be determined based on the exchange rate between the U.S. dollar and the applicable local currency at the time of payment. As such, if the U.S. dollar depreciates significantly against the local currency of the non-U.S. unitholder, the value received by such unitholder in its local currency will be adversely affected.

U.S. investors in our units and preferred units may find it difficult or impossible to enforce service of process and enforcement of judgments against us and directors and officers of our General Partner and the Service Provider.

We were established under the laws of Bermuda, and most of our subsidiaries are organized in jurisdictions outside of the United States. In addition, our directors and senior management identified in this annual report on Form 20-F are located outside of the United States. Certain of the directors and officers of our General Partner and the Service Provider reside outside of the United States. A substantial portion of our assets are, and the assets of the directors and officers of our General Partner and the Service Provider identified in this annual report on Form 20-F may be, located outside of the United States. It may not be possible for investors to effect service of process within the United States upon the directors and officers of our General Partner and the Service Provider. It may also not be possible to enforce against us or the directors and officers of our General Partner and the Service Provider judgments obtained in U.S. courts predicated upon the civil liability provisions of applicable securities law in the United States.

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Canadian investors in our units and preferred units may find it difficult or impossible to enforce service of process and enforcement of judgments against us and the directors and officers of our General Partner and the Service Provider.

We were established under the laws of Bermuda, and most of our subsidiaries are organized in jurisdictions outside of Canada. Certain of the directors and officers of our General Partner and the Service Provider reside outside of Canada. A substantial portion of our assets are, and the assets of the directors and officers of our General Partner and the Service Provider and the experts identified in this annual report on Form 20-F may be, located outside of Canada. It may not be possible for investors to effect service of process within Canada upon the directors and officers of our General Partner and the Service Provider. It may also not be possible to enforce against us, the experts identified in this annual report on Form 20-F, or the directors and officers of our General Partner and the Service Provider judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable securities laws in Canada.

We may not be able to continue paying comparable or growing cash distributions to our unitholders in the future.

The amount of cash we can distribute to our unitholders depends upon the amount of cash we receive from the Holding LP and, indirectly, the Holding Entities and the operating entities. The amount of cash the Holding LP, the Holding Entities and the operating entities generate will fluctuate from quarter to quarter and will depend upon, among other things: the weather in the jurisdictions in which they operate; the level of their operating costs; and prevailing economic conditions. In addition, the actual amount of cash we will have available for distribution will also depend on other factors, such as: the level of costs related to litigation and regulatory compliance matters; the cost of acquisitions, if any; our debt service requirements; fluctuations in our working capital needs; our ability to borrow under our credit facilities; our ability to access capital markets; restrictions on distributions contained in our debt agreements; and the amount, if any, of cash reserves established by our General Partner in its discretion for the proper conduct of our business. As a result of all these factors, we cannot guarantee that we will have sufficient available cash to pay a specific level of cash distributions to our unitholders. Furthermore, unitholders should be aware that the amount of cash we have available for distribution depends primarily upon the cash flow of the Holding LP, the Holding Entities and the operating entities, and is not solely a function of profitability, which is affected by non-cash items. As a result, we may declare and/or pay cash distributions on our units during periods when we record net losses.

Risks Related to Taxation

General

Changes in tax law and practice may have a material adverse effect on the operations of our partnership, the Holding Entities, and the operating entities and, as a consequence, the value of our assets and the net amount of distributions payable to our unitholders.

Our structure, including the structure of the Holding Entities and the operating entities, is based on prevailing taxation law and practice in the local jurisdictions in which we operate. Any change in tax legislation (including in relation to taxation rates) and practice in these jurisdictions could adversely affect these entities, as well as the net amount of distributions payable to our unitholders. Taxes and other constraints that would apply to our operating entities in such jurisdictions may not apply to local institutions or other parties, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing such acquisitions.

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Our partnership's ability to make distributions depends on it receiving sufficient cash distributions from its underlying operations, and we cannot assure our unitholders that our partnership will be able to make cash distributions to them in amounts that are sufficient to fund their tax liabilities.

Our Holding Entities and operating entities may be subject to local taxes in each of the relevant territories and jurisdictions in which they operate, including taxes on income, profits or gains and withholding taxes. As a result, our partnership's cash available for distribution is indirectly reduced by such taxes, and the post-tax return to our unitholders is similarly reduced by such taxes. We intend for future acquisitions to be assessed on a case-by-case basis and, where possible and commercially viable, structured so as to minimize any adverse tax consequences to our unitholders as a result of making such acquisitions.

In general, a unitholder that is subject to income tax in Canada or the United States must include in income its allocable share of our partnership's items of income, gain, loss and deduction (including, so long as it is treated as a partnership for tax purposes, our partnership's allocable share of those items of the Holding LP) for each of our partnership's fiscal years ending with or within such unitholder's tax year. See Item 10.E "Taxation—Certain Material Canadian Federal Income Tax Considerations" and "Taxation—Certain Material U.S. Federal Income Tax Considerations". However, the cash distributed to a unitholder may not be sufficient to pay the full amount of such unitholder's tax liability in respect of its investment in our partnership, because each unitholder's tax liability depends on such unitholder's particular tax situation and the tax treatment of the underlying activities or assets of our partnership. If our partnership is unable to distribute cash in amounts that are sufficient to fund our unitholders' tax liabilities, each of our unitholders will still be required to pay income taxes on its share of our partnership's taxable income.

As a result of holding our units, our unitholders may be subject to U.S. federal, state, local or non-U.S. taxes and return filing obligations in jurisdictions in which they are not resident for tax purposes or otherwise not subject to tax.

Our unitholders may be subject to U.S. federal, state, local and non-U.S. taxes, including unincorporated business taxes and estate, inheritance or intangible taxes that are imposed by the various jurisdictions in which our partnership entities do business or own property now or in the future, even if our unitholders do not reside in any of those jurisdictions. Our unitholders may be required to file income tax returns and pay income taxes in some or all of these jurisdictions. Further, our unitholders may be subject to penalties for failure to comply with these requirements. Although our partnership will attempt, to the extent reasonably practicable, to structure our partnership operations and investments so as to minimize income tax filing obligations by our unitholders in such jurisdictions, there may be circumstances in which our partnership is unable to do so. It is the responsibility of each unitholder to file all U.S. federal, state, local, and non-U.S. tax returns that may be required of such unitholder.

Our unitholders may be exposed to transfer pricing risks.

To the extent that our partnership, the Holding LP, the Holding Entities or the operating entities enter into transactions or arrangements with parties with whom they do not deal at arm's length, including Brookfield, the relevant tax authorities may seek to adjust the quantum or nature of the amounts included or deducted from taxable income by such entities if they consider that the terms and conditions of such transactions or arrangements differ from those that would have been made between persons dealing at arm's length. This could result in more tax (and penalties and interest) being paid by such entities, and therefore the return to investors could be reduced. For Canadian tax purposes, a transfer pricing adjustment may in certain circumstances result in additional income being allocated to a unitholder with no corresponding cash distribution or in a dividend being deemed to be paid by a Canadian-resident to a non-arm's length non-resident, which is subject to Canadian withholding tax.

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Our General Partner believes that the base management fee and any other amount that is paid to the Service Provider will be commensurate with the value of the services being provided by the Service Provider and comparable to the fees or other amounts that would be agreed to in an arm's length arrangement. However, no assurance can be given in this regard.

If the relevant tax authority were to assert that an adjustment should be made under the transfer pricing rules to an amount that is relevant to the computation of the income of the Holding LP or our partnership, such assertion could result in adjustments to amounts of income (or loss) allocated to our unitholders by our partnership for tax purposes. In addition, we might also be liable for transfer pricing penalties in respect of transfer pricing adjustments unless reasonable efforts were made to determine, and use, arm's length transfer prices. Generally, reasonable efforts in this regard are only considered to be made if contemporaneous documentation has been prepared in respect of such transactions or arrangements that support the transfer pricing methodology.

For Canadian tax purposes, the general tax risks described above are equally relevant to preferred unitholders in respect of their preferred units.

The U.S. Internal Revenue Service ("IRS") or Canada Revenue Agency ("CRA") may not agree with certain assumptions and conventions that our partnership uses in order to comply with applicable U.S. and Canadian federal income tax laws or that our partnership uses to report income, gain, loss, deduction, and credit to our unitholders.

Our partnership will apply certain assumptions and conventions in order to comply with applicable tax laws and to report income, gain, deduction, loss, and credit to a unitholder in a manner that reflects such unitholder's beneficial ownership of partnership items, taking into account variation in ownership interests during each taxable year because of trading activity. However, these assumptions and conventions may not be in compliance with all aspects of the applicable tax requirements. A successful IRS or CRA challenge to such assumptions or conventions could adversely affect the amount of tax benefits available to our unitholders and could require that items of income, gain, deduction, loss, or credit, including interest deductions, be adjusted, reallocated or disallowed in a manner that adversely affects our unitholders. See Item 10.E "Taxation—Certain Material Canadian Federal Income Tax Considerations" and "Taxation—Certain Material U.S. Federal Income Tax Considerations".

United States

If our partnership or the Holding LP were to be treated as a corporation for U.S. federal income tax purposes, the value of our units might be adversely affected.

The value of our units to unitholders will depend in part on the treatment of our partnership and the Holding LP as partnerships for U.S. federal income tax purposes. However, in order for our partnership to be treated as a partnership for U.S. federal income tax purposes, under present law, 90% or more of our partnership's gross income for every taxable year must consist of qualifying income, as defined in Section 7704 of the U.S. Internal Revenue Code of 1986, as amended ("U.S. Internal Revenue Code"), and our partnership must not be required to register, if it were a U.S. corporation, as an investment company under the Investment Company Act and related rules. Although our General Partner intends to manage our partnership's affairs so that our partnership will not need to be registered as an investment company if it were a U.S. corporation and so that it will meet the 90% test described above in each taxable year, our partnership may not meet these requirements, or current law may change so as to cause, in either event, our partnership to be treated as a corporation for U.S. federal income tax purposes. If our partnership (or the Holding LP) were treated as a corporation for U.S. federal income tax purposes, adverse U.S. federal income tax consequences could result for our unitholders and our partnership (or the Holding LP, as applicable), as described in greater detail in Item 10.E "Taxation—Certain Material U.S. Federal Income Tax Considerations—Partnership Status of Our Partnership and the Holding LP".

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We may be subject to U.S. backup withholding tax or other U.S. withholding taxes if any unitholder fails to comply with U.S. tax reporting rules or if the IRS or other applicable state or local taxing authority does not accept our withholding methodology, and such excess withholding tax cost will be an expense borne by our partnership and, therefore, by all of our unitholders on a pro rata basis.

We may become subject to U.S. "backup" withholding tax or other U.S. withholding taxes with respect to any unitholder who fails to timely provide our partnership (or the applicable clearing agent or other intermediary) with an IRS Form W-9 or IRS Form W-8, as the case may be, or if the withholding methodology we use is not accepted by the IRS or other applicable state or local taxing authority. See Item 10.E "Taxation—Certain Material U.S. Federal Income Tax Considerations—Administrative Matters—Withholding and Backup Withholding". To the extent that any unitholder fails to timely provide the applicable form (or such form is not properly completed), or should the IRS or other applicable state or local taxing authority not accept our withholding methodology, our partnership might treat such U.S. backup withholding taxes or other U.S. withholding taxes as an expense, which would be borne indirectly by all of our unitholders on a pro rata basis. As a result, our unitholders that fully comply with their U.S. tax reporting obligations may bear a share of such burden created by other unitholders that do not comply with the U.S. tax reporting rules.

Tax-exempt organizations may face certain adverse U.S. tax consequences from owning our units.

Our General Partner intends to use commercially reasonable efforts to structure the activities of our partnership and the Holding LP, to avoid generating income connected with the conduct of a trade or business (which income generally would constitute "unrelated business taxable income" ("UBTI") to the extent allocated to a tax-exempt organization). However, neither our partnership nor the Holding LP is prohibited from incurring indebtedness, and no assurance can be provided that neither our partnership nor the Holding LP will generate UBTI attributable to debt-financed property in the future. In particular, UBTI includes income attributable to debt-financed property, and neither our partnership nor the Holding LP is prohibited from financing the acquisition of property with debt. The potential for income to be characterized as UBTI could make our units an unsuitable investment for a tax-exempt organization. Each tax-exempt organization should consult its own tax adviser to determine the U.S. federal income tax consequences of an investment in our units.

If our partnership were engaged in a U.S. trade or business, non-U.S. persons would face certain adverse U.S. tax consequences from owning our units.

Our General Partner intends to use commercially reasonable efforts to structure the activities of our partnership and the Holding LP to avoid generating income treated as effectively connected with a U.S. trade or business, including effectively connected income attributable to the sale of a "United States real property interest", as defined in the U.S. Internal Revenue Code. If our partnership were deemed to be engaged in a U.S. trade or business, or to realize gain from the sale or other disposition of a U.S. real property interest, Non-U.S. Holders (as defined in Item 10.E "Taxation—Certain Material U.S. Federal Income Tax Considerations") generally would be required to file U.S. federal income tax returns and could be subject to U.S. federal withholding tax at the highest marginal U.S. federal income tax rates applicable to ordinary income. See Item 10.E "Taxation—Certain Material U.S. Federal Income Tax Considerations—Consequences to Non-U.S. Holders".

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To meet U.S. federal income tax and other objectives, our partnership and the Holding LP may invest through U.S. and non-U.S. Holding Entities that are treated as corporations for U.S. federal income tax purposes, and such Holding Entities may be subject to corporate income tax.

To meet U.S. federal income tax and other objectives, our partnership and the Holding LP may invest through U.S. and non-U.S. Holding Entities that are treated as corporations for U.S. federal income tax purposes, and such Holding Entities may be subject to corporate income tax. Consequently, items of income, gain, loss, deduction, or credit realized in the first instance by the operating entities will not flow, for U.S. federal income tax purposes, directly to the Holding LP, our partnership, or our unitholders, and any such income or gain may be subject to a corporate income tax, in the United States or other jurisdictions, at the level of the Holding Entity. Any such additional taxes may adversely affect our partnership's ability to maximize its cash flow.

Our unitholders taxable in the United States may be viewed as holding an indirect interest in an entity classified as a "passive foreign investment company" or "controlled foreign corporation" for U.S. federal income tax purposes.

U.S. Holders may face adverse U.S. tax consequences arising from the ownership of an indirect interest in a "passive foreign investment company" ("PFIC") or "controlled foreign corporation" ("CFC"). These investments may produce taxable income prior to the receipt of cash relating to such income, and U.S. Holders will be required to take such income into account in determining their gross income subject to tax. In addition, all or a portion of any gain realized upon the sale of a CFC may be taxable at ordinary income rates. Further, with respect to gain realized upon the sale of and excess distributions from a PFIC for which an election for current inclusions is not made, such income would be taxable at ordinary income rates and subject to an additional tax equivalent to an interest charge on the deferral of income inclusions from the PFIC. See Item 10.E "Taxation—Certain Material U.S. Federal Income Tax Considerations—Consequences to U.S. Holders—Passive Foreign Investment Companies" and "Taxation—Certain Material U.S. Federal Income Tax Considerations—Consequences to U.S. Holders—Controlled Foreign Corporations". Each U.S. Holder should consult its own tax adviser regarding the implications of the PFIC and CFC rules for an investment in our units.

Tax gain or loss from the disposition of our units could be more or less than expected.

If a sale of our units by a unitholder is taxable in the United States, the unitholder will recognize gain or loss for U.S. federal income tax purposes equal to the difference between the amount realized and the unitholder's adjusted tax basis in such units. Prior distributions to a unitholder in excess of the total net taxable income allocated to such unitholder will have decreased such unitholder's tax basis in our units. Therefore, such excess distributions will increase a unitholder's taxable gain or decrease such unitholder's taxable loss when our units are sold, and may result in a taxable gain even if the sale price is less than the original cost. A portion of the amount realized, whether or not representing gain, could be ordinary income to such unitholder.

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Our partnership structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. The tax characterization of our partnership structure is also subject to potential legislative, judicial, or administrative change and differing interpretations, possibly on a retroactive basis.

The U.S. federal income tax treatment of our unitholders depends in some instances on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Unitholders should be aware that the U.S. federal income tax rules, particularly those applicable to partnerships, are constantly under review by the Congressional tax-writing committees and other persons involved in the legislative process, the IRS, the Treasury Department and the courts, frequently resulting in changes which could adversely affect the value of our units or cause our partnership to change the way it conducts its activities. For example, changes to the U.S. federal tax laws and interpretations thereof could make it more difficult or impossible for our partnership to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, change the character or treatment of portions of our partnership's income, reduce the net amount of distributions available to our unitholders, or otherwise affect the tax considerations of owning our units. In addition, our partnership's organizational documents and agreements permit our General Partner to modify our Limited Partnership Agreement, without the consent of our unitholders, to address such changes. These modifications could have a material adverse impact on our unitholders. See Item 10.E "—Taxation—Certain Material U.S. Federal Income Tax Considerations—Administrative Matters—New Legislation or Administrative or Judicial Action".

Our partnership's delivery of required tax information for a taxable year may be subject to delay, which could require a unitholder who is a U.S. taxpayer to request an extension of the due date for such unitholder's income tax return.

Our partnership has agreed to use commercially reasonable efforts to provide U.S. tax information (including IRS Schedule K-1 information needed to determine a unitholder's allocable share of our partnership's income, gain, losses, and deductions) no later than 90 days after the close of each calendar year. However, providing this U.S. tax information to our unitholders will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from lower-tier entities. It is therefore possible that, in any taxable year, a unitholder will need to apply for an extension of time to file such unitholder's tax returns. In addition, unitholders that do not ordinarily have U.S. federal tax filing requirements will not receive a Schedule K-1 and related information unless such unitholders request it within 60 days after the close of each calendar year. See Item 10.E "Certain Material U.S. Federal Income Tax Considerations—Administrative Matters—Information Returns and Audit Procedures".

The sale or exchange of 50% or more of our units will result in the constructive termination of our partnership for U.S. federal income tax purposes.

Our partnership will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of our units within a 12-month period. A constructive termination of our partnership would, among other things; result in the closing of its taxable year for U.S. federal income tax purposes for all of our unitholders and could result in the possible acceleration of income to certain of our unitholders and certain other consequences that could adversely affect the value of our units. However, our General Partner does not expect a constructive termination, should it occur, to have a material impact on the computation of the future taxable income generated by our partnership for U.S. federal income tax purposes. See Item 10.E "Taxation—Certain Material U.S. Federal Income Tax Considerations—Administrative Matters—Constructive Termination".

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If the IRS makes an audit adjustment to our income tax returns for taxable years beginning after December 31, 2017, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from us, in which case cash available for distribution to our unitholders might be substantially reduced.

Under the *Bipartisan Budget Act of 2015*, for taxable years beginning after December 31, 2017, if the IRS makes an audit adjustment to our income tax returns, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from our partnership instead of unitholders (as under prior law). We may be permitted to elect to have our General Partner and our unitholders take such audit adjustment into account in accordance with their interests in us during the taxable year under audit. However, there can be no assurance that we will choose to make such election or that it will be available in all circumstances. If we do not make the election, and we pay taxes, penalties, or interest as a result of an audit adjustment, then cash available for distribution to our unitholders might be substantially reduced. As a result, our current unitholders might bear some or all of the cost of the tax liability resulting from such audit adjustment, even if our current unitholders did not own our units during the taxable year under audit. The foregoing considerations also apply with respect to our partnership's interest in the Holding LP. These rules do not apply to our partnership or the Holding LP for taxable years beginning on or before December 31, 2017.

Under the Foreign Account Tax Compliance ("FATCA") provisions of the Hiring Incentives to Restore Employment Act of 2010, certain payments made or received by our partnership may be subject to a 30% federal withholding tax, unless certain requirements are met.

Under FATCA, a 30% withholding tax may apply to certain payments of U.S.-source income made to our partnership, the Holding LP, the Holding Entities, or the operating entities, or by our partnership to a unitholder, unless certain requirements are met, as described in greater detail in Item 10.E "Taxation—Certain Material U.S. Federal Income Tax Considerations—Administrative Matters—Foreign Account Tax Compliance". The 30% withholding tax may also apply to certain payments made on or after January 1, 2019 that are attributable to U.S.-source income or that constitute gross proceeds from the disposition of property that could produce U.S.-source dividends or interest. To ensure compliance with FATCA, information regarding certain unitholders' ownership of our units may be reported to the IRS or to a non-U.S. governmental authority. Unitholders should consult their own tax advisers regarding the consequences under FATCA of an investment in our units.

Canada

For purposes of the following Canadian tax risks, references to our "units" are to the limited partnership units in our partnership, including the preferred units, and references to our "unitholders" are to the holders of our units and preferred units.

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If the subsidiaries that are corporations ("Non-Resident Subsidiaries") and that are not resident or deemed to be resident in Canada for purposes of the Income Tax Act (Canada) (together with the regulations thereunder, "Tax Act") and that are "controlled foreign affiliates" (as defined in the Tax Act and referred to herein as "CFAs") in which the Holding LP directly invests earned income that is "foreign accrual property income" (as defined in the Tax Act and referred to herein as "FAPI"), our unitholders may be required to include amounts allocated from our partnership in computing their income for Canadian federal income tax purposes even though there may be no corresponding cash distribution.

Certain of the Non-Resident Subsidiaries in which the Holding LP directly invests are expected to be CFAs of the Holding LP. If any CFA of the Holding LP or any direct or indirect subsidiary thereof that is itself a CFA of the Holding LP (an "Indirect CFA") earns income that is characterized as FAPI in a particular taxation year of the CFA or Indirect CFA, the FAPI allocable to the Holding LP must be included in computing the income of the Holding LP for Canadian federal income tax purposes for the fiscal period of the Holding LP in which the taxation year of that CFA or Indirect CFA ends, whether or not the Holding LP actually receives a distribution of that FAPI. Our partnership will include its share of such FAPI of the Holding LP in computing its income for Canadian federal income tax purposes and our unitholders will be required to include their proportionate share of such FAPI allocated from our partnership in computing their income for Canadian federal income tax purposes. As a result, our unitholders may be required to include amounts in their income for Canadian federal income tax purposes even though they have not and may not receive an actual cash distribution of such amounts. The Tax Act contains anti-avoidance rules to address certain foreign tax credit generator transactions (the "Foreign Tax Credit Generator Rules"). Under the Foreign Tax Credit Generator Rules, the "foreign accrual tax" (as defined in the Tax Act) applicable to a particular amount of FAPI included in the Holding LP's income in respect of a particular "foreign affiliate" (as defined in the Tax Act) of the Holding LP may be limited in certain specified circumstances. See Item 10.E "Taxation—Certain Material Canadian Federal Income Tax Considerations".

Unitholders may be required to include imputed amounts in their income for Canadian federal income tax purposes in accordance with section 94.1 of the Tax Act.

Section 94.1 of the Tax Act contains rules relating to interests in entities that are not resident or deemed to be resident in Canada for purposes of the Tax Act or not situated in Canada, other than a CFA of the taxpayer (the "Non-Resident Entities"), that could in certain circumstances cause income to be imputed to unitholders for Canadian federal income tax purposes, either directly or by way of allocation of such income imputed to our partnership or to the Holding LP. See Item 10.E "Taxation—Certain Material Canadian Federal Income Tax Considerations".

Unitholders' foreign tax credits for Canadian federal income tax purposes will be limited if the Foreign Tax Credit Generator Rules apply in respect of the foreign "business-income tax" or "non-business-income tax" (each as defined in the Tax Act) paid by our partnership or the Holding LP to a foreign country.

Under the Foreign Tax Credit Generator Rules, the foreign "business-income tax" or "non-business-income tax" for Canadian federal income tax purposes for any taxation year may be limited in certain circumstances. If the Foreign Tax Credit Generator Rules apply, the allocation to a unitholder of foreign "business-income tax" or "non-business-income tax" paid by our partnership or the Holding LP, and therefore, such unitholder's foreign tax credits for Canadian federal income tax purposes, will be limited. See Item 10.E "Taxation—Certain Material Canadian Federal Income Tax Considerations".

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Unitholders who are not and are not deemed to be resident in Canada for purposes of the Tax Act and who do not use or hold, and are not deemed to use or hold, their units of our partnership in connection with a business carried on in Canada ("non-Canadian limited partners"), may be subject to Canadian federal income tax with respect to any Canadian source business income earned by our partnership or the Holding LP if our partnership or the Holding LP were considered to carry on business in Canada.

If our partnership or the Holding LP were considered to carry on business in Canada for purposes of the Tax Act, non-Canadian limited partners would be subject to Canadian federal income tax on their proportionate share of any Canadian source business income earned or considered to be earned by our partnership, subject to the potential application of the safe harbour rule in section 115.2 of the Tax Act and any relief that may be provided by any relevant income tax treaty or convention.

Our General Partner intends to manage the affairs of our partnership and the Holding LP, to the extent possible, so that they do not carry on business in Canada and are not considered or deemed to carry on business in Canada for purposes of the Tax Act. Nevertheless, because the determination of whether our partnership or the Holding LP is carrying on business and, if so, whether that business is carried on in Canada, is a question of fact that is dependent upon the surrounding circumstances, the CRA might contend successfully that either or both of our partnership and the Holding LP carries on business in Canada for purposes of the Tax Act.

If our partnership or the Holding LP is considered to carry on business in Canada or is deemed to carry on business in Canada for the purposes of the Tax Act, non-Canadian limited partners that are corporations would be required to file a Canadian federal income tax return for each taxation year in which they are a non-Canadian limited partner regardless of whether relief from Canadian taxation is available under an applicable income tax treaty or convention. Non-Canadian limited partners who are individuals would only be required to file a Canadian federal income tax return for any taxation year in which they are allocated income from our partnership from carrying on business in Canada that is not exempt from Canadian taxation under the terms of an applicable income tax treaty or convention.

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Non-Canadian limited partners may be subject to Canadian federal income tax on capital gains realized by our partnership or the Holding LP on dispositions of "taxable Canadian property" (as defined in the Tax Act).

A non-Canadian limited partner will be subject to Canadian federal income tax on its proportionate share of capital gains realized by our partnership or the Holding LP on the disposition of "taxable Canadian property" other than "treaty-protected property" (as defined in the Tax Act). "Taxable Canadian property" includes, but is not limited to, property that is used or held in a business carried on in Canada and shares of corporations that are not listed on a "designated stock exchange" (as defined in the Tax Act) if more than 50% of the fair market value of the shares is derived from certain Canadian properties during the 60-month period immediately preceding the particular time. Property of our partnership and the Holding LP generally will be "treaty-protected property" to a non-Canadian limited partner if the gain from the disposition of the property would, because of an applicable income tax treaty or convention, be exempt from tax under the Tax Act. Our General Partner does not expect our partnership or the Holding LP to realize capital gains or losses from dispositions of "taxable Canadian property". However, no assurance can be given in this regard. Non-Canadian limited partners will be required to file a Canadian federal income tax return in respect of a disposition of "taxable Canadian property" by our partnership or the Holding LP unless the disposition is an "excluded disposition" for the purposes of section 150 of the Tax Act. However, non-Canadian limited partners that are corporations will still be required to file a Canadian federal income tax return in respect of a disposition of "taxable Canadian property" that is an "excluded disposition" for the purposes of section 150 of the Tax Act if tax would otherwise be payable under Part I of the Tax Act by the non-Canadian limited partners in respect of the disposition but is not because of an applicable income tax treaty or convention (otherwise than in respect of a disposition of "taxable Canadian property" that is "treaty-protected property" of the corporation). In general, an "excluded disposition" is a disposition of property by a taxpayer in a taxation year where (a) the taxpayer is a non-resident of Canada at the time of the disposition; (b) no tax is payable by the taxpayer under Part I of the Tax Act for the taxation year; (c) the taxpayer is not liable to pay any amounts under the Tax Act in respect of any previous taxation year (other than certain amounts for which the CRA holds adequate security); and (d) each "taxable Canadian property" disposed of by the taxpayer in the taxation year is either (i) "excluded property" (as defined in subsection 116(6) of the Tax Act) or (ii) property in respect of the disposition of which a certificate under subsection 116(2), (4) or (5.2) of the Tax Act has been issued by the CRA. Non-Canadian limited partners should consult their own tax advisors with respect to the requirements to file a Canadian federal income tax return in respect of a disposition of "taxable Canadian property" by our partnership or the Holding LP.

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Non-Canadian limited partners may be subject to Canadian federal income tax on capital gains realized on the disposition of our units if our units are "taxable Canadian property".

Any capital gain arising from the disposition or deemed disposition of our units by a non-Canadian limited partner will be subject to taxation in Canada, if, at the time of the disposition or deemed disposition, our units are "taxable Canadian property" of the non-Canadian limited partner, unless our units are "treaty-protected property" to such non-Canadian limited partner. In general, our units will not constitute "taxable Canadian property" of any non-Canadian limited partner at the time of disposition or deemed disposition, unless (a) at any time in the 60-month period immediately preceding the disposition or deemed disposition, more than 50% of the fair market value of our units was derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves "taxable Canadian property"), from one or any combination of (i) real or immovable property situated in Canada; (ii) "Canadian resource properties" (as defined in the Tax Act); (iii) "timber resource properties" (as defined in the Tax Act); and (iv) options in respect of, or interests in, or for civil law rights in, such property, whether or not such property exists, or (b) our units are otherwise deemed to be "taxable Canadian property". Since our partnership's assets will consist principally of units of the Holding LP, our units would generally be "taxable Canadian property" at a particular time if the units of the Holding LP held by our partnership derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves "taxable Canadian property") more than 50% of their fair market value from properties described in (i) to (iv) above, at any time in the 60-month period preceding the particular time. Our General Partner does not expect our units to be "taxable Canadian property" of any non-Canadian limited partner at any time but no assurance can be given in this regard. See Item 10.E "Taxation—Certain Material Canadian Federal Income Tax Considerations". Even if our units constitute "taxable Canadian property", our units will be "treaty-protected property" if the gain on the disposition of our units is exempt from tax under the Tax Act under the terms of an applicable income tax treaty or convention. If our units constitute "taxable Canadian property", non-Canadian limited partners will be required to file a Canadian federal income tax return in respect of a disposition of our units unless the disposition is an "excluded disposition" (as discussed above). If our units constitute "taxable Canadian property", non-Canadian limited partners should consult their own tax advisors with respect to the requirement to file a Canadian federal income tax return in respect of a disposition of our units.

Non-Canadian limited partners may be subject to Canadian federal income tax reporting and withholding tax requirements on the disposition of "taxable Canadian property".

Non-Canadian limited partners who dispose of "taxable Canadian property", other than "excluded property" and certain other property described in subsection 116(5.2) of the Tax Act, (or who are considered to have disposed of such property on the disposition of such property by our partnership or the Holding LP), are obligated to comply with the procedures set out in section 116 of the Tax Act and obtain a certificate pursuant to the Tax Act. In order to obtain such certificate, the non-Canadian limited partner is required to report certain particulars relating to the transaction to CRA not later than 10 days after the disposition occurs. Our General Partner does not expect our units to be "taxable Canadian property" of any non-Canadian limited partner and does not expect our partnership or the Holding LP to dispose of property that is "taxable Canadian property" but no assurance can be given in these regards.

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Payments of dividends or interest (other than interest not subject to Canadian federal withholding tax) by residents of Canada to the Holding LP will be subject to Canadian federal withholding tax and we may be unable to apply a reduced rate taking into account the residency or entitlement to relief under an applicable income tax treaty or convention of our unitholders.

Our partnership and the Holding LP will be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to the Holding LP will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-Canadian limited partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to the Holding LP, our General Partner expects the Holding Entities to look-through the Holding LP and our partnership to the residency of the partners of our partnership (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-Canadian limited partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to the Holding LP. However, there can be no assurance that the CRA will apply its administrative practice in this context. If the CRA's administrative practice is not applied and the Holding Entities withhold Canadian federal withholding tax from applicable payments on a look-through basis, the Holding Entities may be liable for additional amounts of Canadian federal withholding tax plus any associated interest and penalties. Under the *Canada-United States Tax Convention (1980)* (the "Treaty"), a Canadian-resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as our partnership, and the Holding LP to the residency and Treaty entitlements of their partners and take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty.

While our General Partner expects the Holding Entities to look-through our partnership and the Holding LP in determining the rate of Canadian federal withholding tax applicable to amounts paid or deemed to be paid by the Holding Entities to the Holding LP, we may be unable to accurately or timely determine the residency of our unitholders for purposes of establishing the extent to which Canadian federal withholding taxes apply or whether reduced rates of withholding tax apply to some or all of our unitholders. In such a case, the Holding Entities will withhold Canadian federal withholding tax from all payments made to the Holding LP that are subject to Canadian federal withholding tax at the rate of 25%. Canadian-resident unitholders will be entitled to claim a credit for such taxes against their Canadian federal income tax liability but non-Canadian limited partners will need to take certain steps to receive a refund or credit in respect of any such Canadian federal withholding taxes withheld equal to the difference between the withholding tax at a rate of 25% and the withholding tax at the reduced rate they are entitled to under an applicable income tax treaty or convention. See Item 10.E "Taxation—Certain Material Canadian Federal Income Tax Considerations" for further detail. Unitholders should consult their own tax advisors concerning all aspects of Canadian federal withholding taxes.

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Our units may or may not continue to be "qualified investments" under the Tax Act for registered plans.

Provided that our units are listed on a "designated stock exchange" (which includes the NYSE and the TSX), our units will be "qualified investments" under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), deferred profit sharing plan, registered retirement income fund ("RRIF"), registered education savings plan, registered disability savings plan, and a tax-free savings account ("TFSA"). However, there can be no assurance that our units will continue to be listed on a "designated stock exchange". There can also be no assurance that tax laws relating to "qualified investments" will not be changed. Taxes may be imposed in respect of the acquisition or holding of non-qualified investments by such registered plans and certain other taxpayers and with respect to the acquisition or holding of "prohibited investments" (as defined in the Tax Act) by an RRSP, RRIF or TFSA.

Notwithstanding the foregoing, an annuitant under an RRSP or RRIF or a holder of a TFSA, as the case may be, will be subject to a penalty tax if our units held in an RRSP, RRIF or TFSA are "prohibited investments" for the RRSP, RRIF or TFSA, as the case may be. Generally, our units will not be a "prohibited investment" for a trust governed by an RRSP, RRIF or TFSA, provided that the annuitant under the RRSP or RRIF or the holder of the TFSA, as the case may be, deals at arm's length with our partnership for purposes of the Tax Act and does not have a "significant interest" (as defined in the Tax Act for purposes of the prohibited investment rules) in our partnership. Unitholders who will hold our units in an RRSP, RRIF or TFSA should consult with their own tax advisors regarding the application of the foregoing prohibited investment rules having regard to their particular circumstances.

The Canadian federal income tax consequences to our unitholders could be materially different in certain respects from those described in this Form 20-F if our partnership or the Holding LP is a "SIFT partnership" (as defined in the Tax Act).

Under the rules in the Tax Act applicable to a "SIFT partnership" (the "SIFT Rules"), certain income and gains earned by a "SIFT partnership" will be subject to income tax at the partnership level at a rate similar to a corporation, and allocations of such income and gains to its partners will be taxed as a dividend from a "taxable Canadian corporation" (as defined in the Tax Act). In particular, a "SIFT partnership" will be required to pay a tax on the total of its income from businesses carried on in Canada, income from "non-portfolio properties" (as defined in the Tax Act) other than taxable dividends, and taxable capital gains from dispositions of "non-portfolio properties". "Non-portfolio properties" include, among other things, equity interests or debt of corporations, trusts or partnerships that are resident in Canada, and of non-resident persons or partnerships the principal source of income of which is one or any combination of sources in Canada (other than a "portfolio investment entity", as defined in the Tax Act), that are held by the "SIFT partnership" and have a fair market value that is greater than 10% of the equity value of such entity, or that have, together with debt or equity that the "SIFT partnership" holds of entities affiliated (within the meaning of the Tax Act) with such entity, an aggregate fair market value that is greater than 50% of the equity value of the "SIFT partnership". The tax rate that is applied to the above mentioned sources of income and gains is set at a rate equal to the "net corporate income tax rate", plus the "provincial SIFT tax rate" (each as defined in the Tax Act).

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A partnership will be a "SIFT partnership" throughout a taxation year if at any time in the taxation year (i) it is a "Canadian resident partnership" (as defined in the Tax Act), (ii) "investments" (as defined in the Tax Act) in the partnership are listed or traded on a stock exchange or other public market, and (iii) it holds one or more "non-portfolio properties". For these purposes, a partnership will be a "Canadian resident partnership" at a particular time if (a) it is a "Canadian partnership" (as defined in the Tax Act) at that time, (b) it would, if it were a corporation, be resident in Canada (including, for greater certainty, a partnership that has its central management and control located in Canada), or (c) it was formed under the laws of a province. A "Canadian partnership" for these purposes is a partnership all of whose members are resident in Canada or are partnerships that are "Canadian partnerships".

Under the SIFT Rules, our partnership and the Holding LP could each be a "SIFT partnership" if it is a "Canadian resident partnership". However, the Holding LP would not be a "SIFT partnership" if our partnership is a "SIFT partnership" regardless of whether the Holding LP is a "Canadian resident partnership" on the basis that the Holding LP would be an "excluded subsidiary entity" (as defined in the Tax Act). Our partnership and the Holding LP will be a "Canadian resident partnership" if the central management and control of these partnerships is located in Canada. This determination is a question of fact and is expected to depend on where our General Partner is located and exercises central management and control of the respective partnerships. Our General Partner will take appropriate steps so that the central management and control of these entities is not located in Canada such that the SIFT Rules should not apply to our partnership or the Holding LP at any relevant time. However, no assurance can be given in this regard. If our partnership or the Holding LP is a "SIFT partnership", the Canadian federal income tax consequences to our unitholders could be materially different in certain respects from those described in Item 10.E. "Taxation—Certain Material Canadian Federal Income Tax Considerations". In addition, there can be no assurance that the SIFT Rules will not be revised or amended in the future such that the SIFT Rules will apply.

ITEM 4. INFORMATION ON THE COMPANY

4.A HISTORY AND DEVELOPMENT OF BROOKFIELD INFRASTRUCTURE

Overview

Brookfield Infrastructure owns and operates high quality, long-life assets that generate stable cash flows, require relatively minimal maintenance capital expenditures and, by virtue of barriers to entry and other characteristics, tend to appreciate in value over time. Our current operations consist of utilities, transport, energy and communications infrastructure businesses in North and South America, Europe and Asia Pacific. Brookfield Infrastructure has appointed the Service Provider to provide certain management, administrative and advisory services for a fee under the Master Services Agreement. Brookfield owns an approximate 29.5% interest in our partnership on a fully exchanged basis.

Our mission is to own and operate a globally diversified portfolio of high quality infrastructure assets that will generate sustainable and growing distributions over the long-term for our unitholders. To accomplish this objective, we will seek to leverage our operating segments to acquire infrastructure assets and actively manage them to extract additional value following our initial investment. An integral part of our strategy is to participate with institutional investors in Brookfield-sponsored partnerships that target acquisitions that suit our profile. We focus on partnerships in which Brookfield has sufficient influence or control to deploy an operations-oriented approach.

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We target a total return of 12% to 15% per annum on the infrastructure assets that we own, measured over the long-term. We intend to generate this return from the in-place cash flows of our operations plus growth through investments in upgrades and expansions of our asset base, as well as acquisitions. If we are successful in growing our FFO per unit, we expect to be able to increase distributions to unitholders. Additionally, an increase in our FFO per unit should result in capital appreciation. We also measure the growth of FFO per unit, which we believe is a proxy for our ability to increase distributions. See Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations" for more detail.

Our objective is to pay a distribution to unitholders that is sustainable on a long-term basis while retaining within our operations sufficient liquidity to fund recurring growth capital expenditures, debt repayments and general corporate requirements. We currently believe that a payout of 60% to 70% of our FFO is appropriate.

In light of the current prospects for our business, the Board of Directors of our General Partner recently approved an 11% increase in our annual distribution to $1.74 per unit, or 43.5 cents per unit quarterly. Distributions have grown at a compound annual growth rate of 12% since inception of our partnership in 2008 and our 2016 increase marks the seventh consecutive year of double digit growth. We target a 5% to 9% annual distribution growth in light of the per unit FFO growth that we foresee in our operations. We intend to review our distribution per unit in the first quarter of each year in the normal course. Please refer to Item 3.D "Risk Factors—Risks Relating to Our Partnership Structure—Our partnership is a holding entity and currently we rely on the Holding LP and, indirectly, the Holding Entities and our operating entities to provide us with the funds necessary to pay distributions and meet our financial obligations".

Our partnership, Brookfield Infrastructure Partners L.P., is a Bermuda exempted limited partnership that was established on May 21, 2007 under the provisions of the *Bermuda Exempted Partnership Act of 1992* ("Bermuda Exempted Partnerships Act") and the Bermuda Limited Partnership Act. Our registered office is 73 Front Street, Hamilton HM 12, Bermuda and our telephone number at this address is +1-441-294-3309. Our partnership was spun-off from Brookfield on January 31, 2008.

Recent Business Developments

The following table outlines significant transactions and events that transpired in our business during the year:

Date	Segment	Event
January 2016	*Utilities:*	On January 29, 2016, Brookfield Infrastructure signed binding agreements to sell its 100% interest in its Ontario electricity transmission operation for gross proceeds of approximately C$370 million, resulting in net proceeds of approximately C$220 million.
February 2016	*Transport:*	On February 18, 2016, the takeover bid for Asciano Limited made by our partnership, together with institutional partners, ("Brookfield Consortium") lapsed, following the withdrawal of its recommendation by the board of directors of Asciano Limited. This change of recommendation triggered an A$88 million payment to the Brookfield Consortium.
March 2016	*Transport:*	On March 1, 2016, Brookfield Infrastructure expanded its toll road business through the acquisition of a 40% interest in a toll road business in India from Gammon Infrastructure Projects Limited for consideration of $42 million through a Brookfield-sponsored infrastructure fund.

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Date	Segment	Event
March 2016	*Corporate:*	On March 29, 2016, Brookfield Infrastructure closed an upsizing of its corporate credit facilities, increasing commitments to $1.975 billion. The incremental $100 million of commitments have substantially the same terms as the previous facilities. These corporate credit facilities continue to be available to provide short-term liquidity for investments and acquisitions as well as general corporate purposes.
April 2016	*Energy:*	On April 7, 2016, Brookfield Infrastructure and its partner in its North American gas transmission operation each injected $312 million into the business to pay down operating level debt.
May 2016	*Transport:*	In May 2016, Brookfield Infrastructure, alongside an institutional investor and a partner in the business, executed a privatization of its Brazilian toll road operation. The privatization resulted in our partnership's ownership interest increasing from 40% to 48% in exchange for cash consideration of $73 million. Subsequent to the privatization, Brookfield Infrastructure, alongside an institutional partner, injected $114 million into the Brazilian toll road operation for growth capital expenditure requirements.
May 2016	*Energy:*	On May 26, 2016, Brookfield Infrastructure completed the sale of its 100% interest in its European energy distribution operation to a third party for gross proceeds of approximately $135 million and net proceeds of approximately $127 million.
June 2016	*Corporate:*	On June 17, 2016, Brookfield Infrastructure amended its corporate credit facilities to, among other things, effect an extension of those corporate credit facilities to June 30, 2021.
June 2016	*Transport:*	On June 28, 2016, Brookfield Infrastructure acquired a 17% interest in Rutas de Lima S.A.C, through a Brookfield-sponsored infrastructure fund, for total consideration of $127 million, comprised of $118 million of cash and an amount payable of $9 million.
June 2016	*Utilities:*	In June 2016, Brookfield Infrastructure and its partners agreed to construct approximately 2,800 kilometres of greenfield transmission lines in Brazil and establish a business with substantial scale in the country. These are long-life, 30-year concession assets that earn cash flows under a stable, availability-based regulatory framework.
July 2016	*Corporate:*	On July 8, 2016, Brookfield closed a $14 billion infrastructure fund. Brookfield manages the fund and has committed $4 billion to the fund's total capital commitments, with Brookfield Infrastructure participating in the fund to the extent target acquisitions suit Brookfield Infrastructure's investment profile.
July 2016	*Energy:*	On July 19, 2016, Brookfield Infrastructure acquired a 40% interest in Niska Gas Storage ("Niska") for consideration of $227 million through a Brookfield-sponsored infrastructure fund. This consideration is comprised of $141 million of Niska senior notes currently owned by Brookfield Infrastructure, which Brookfield Infrastructure paid $104 million to acquire, $19 million of a working capital credit facility provided to Niska by Brookfield Infrastructure prior to the acquisition date, and cash of $67 million.

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Date	Segment	Event
August 2016	*Corporate:*	On August 2, 2016, our partnership issued 10 million Series 5 Preferred Units at an offering price of C$25.00 per Series 5 Preferred Unit in a public offering in Canada. Our partnership acquired 10 million Holding LP Series 5 Preferred Units at the offering price. Holders of the Series 5 Preferred Units and Holding LP Series 5 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.35% annually for the initial period ending September 30, 2021. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of: i) the 5-year Government of Canada bond yield plus 4.64% and ii) 5.35%. Proceeds were used for investment opportunities, working capital and other general corporate purposes. Net proceeds from this offering totaled approximately $186 million.
August 2016	*Transport:*	On August 18, 2016, Brookfield Infrastructure acquired a 27% interest in Linx Cargo Care and a 13% interest in Patrick Terminals and Logistics ("Patrick") from Asciano Limited, through a Brookfield-sponsored infrastructure fund, along with institutional partners, for total consideration of $145 million and $202 million, respectively, resulting in the expansion of Brookfield Infrastructure's ports business to Australia.
September 2016	*Corporate:*	On September 14, 2016, our partnership completed a three-for-two split of our units by way of a subdivision of units, whereby unitholders received an additional one-half of a unit for each unit held, resulting in the issuance of an additional approximately 115 million units. Any fractional units otherwise issuable to registered holders as a result of the Unit Split were rounded up to the nearest whole unit. Our preferred units were not affected by the Unit Split. The Managing General Partner Units, Special Limited Partner Units and Redeemable Partnership Units of the Holding LP were concurrently split to reflect the Unit Split.
September 2016	*Utilities:*	On September 23, 2016, Brookfield Infrastructure, together with institutional clients of Brookfield Asset Management announced that they had reached an agreement to acquire a 90% controlling stake in NTS, a system of natural gas transmission assets in the southeast of Brazil currently owned by Petrobras, for approximately US$5.3 billion. Brookfield Infrastructure's expected investment is 30% of the total transaction, representing approximately $1.3 billion of the consideration payable on closing, with the remaining balance payable on the fifth anniversary of the closing. Completion of this transaction is subject to certain closing conditions and regulatory approvals.
October 2016	*Utilities*:	In October 2016, Brookfield Infrastructure and its partners agreed to construct an additional 1,400 kilometres of greenfield transmission lines in Brazil, bringing the total development to 4,200 kilometres. Brookfield Infrastructure will deploy approximately $300 million during the construction period. Construction of these projects is underway and they are expected to be commissioned over the next five years.
October 2016	*Utilities:*	On October 31, 2016, we completed the sale of our 100% interest in the Ontario electricity transmission operation to a third party for gross proceeds of approximately C$370 million and net proceeds of approximately C$220 million.

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Date	Segment	Event
December 2016	*Corporate:*	On December 2, 2016, we issued 15,625,000 units at an offering price of $32.00 per unit in public offerings in the U.S. and Canada. In a concurrent private placement, Brookfield acquired 8,139,000 Redeemable Partnership Units at the offering price net of commissions. Gross proceeds from this equity offering totaled approximately $750 million ($730 million net of issuance costs). Our partnership expects to use the net proceeds to partially fund its investment in the NTS Acquisition and to deploy backlog of organic growth projects.
December 2016	*Transport:*	On December 12, 2016, Brookfield Infrastructure invested a further approximately $124 million in its Brazilian toll road business, increasing its ownership to approximately 49%.
December 2016	*Communications Infrastructure:*	On December 21, 2016, Brookfield Infrastructure, through a Brookfield-sponsored infrastructure fund reached agreements to acquire a 29% interest in a telecommunications tower business from Reliance Communications Limited in India, for approximately $600 million. Brookfield Infrastructure is expected to invest approximately $200 million. Completion of this transaction is subject to certain closing conditions and regulatory approvals.
January 2017	*Corporate:*	On January 26, 2017, our partnership issued 12 million Series 7 Preferred Units at an offering price of C$25.00 per Series 7 Preferred Unit in a public offering in Canada. Our Partnership acquired 12 million Holding LP Series 7 Preferred Units at the offering price. Holders of the Series 7 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.00% annually for the initial period ending March 31, 2022. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of: i) the 5-year Government of Canada bond yield plus 3.78% and ii) 5.00%. Proceeds were used for investment opportunities, working capital and other general corporate purposes. Net proceeds from this offering totaled approximately $220 million.
February 2017	*Corporate:*	On February 22, 2017, our partnership completed a C$300 million corporate bond issuance through a public offering in Canada. Proceeds will be used to partially refinance indebtedness that will mature in October 2017.

For a description of our principal capital expenditures in the last three fiscal years, see Item 5.B, "Liquidity and Capital Resources—Capital Reinvestment" and Note 30, "Contractual Commitments" in our financial statements included in this annual report on Form 20-F.

4.B BUSINESS OVERVIEW

Our Operations

We own a portfolio of infrastructure assets that are diversified by sector and by geography. We have a stable cash flow profile with approximately 90% of our Adjusted EBITDA supported by regulated or contracted revenues. In order to assist our unitholders and preferred unitholders in evaluating our performance and assessing our value, we group our businesses into operating segments based on similarities in their underlying economic drivers.

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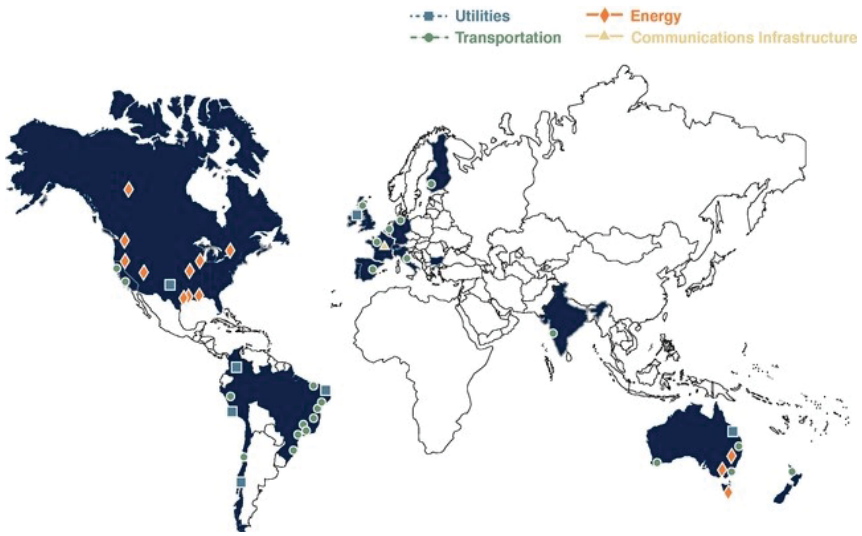
Our operating segments are summarized below:

Operating Segment[1]	Asset Type	Primary Location[1]
Utilities *Regulated or contractual businesses which earn a return on their asset base*	• Regulated Distribution • Electricity Transmission • Regulated Terminal	• Europe & South America • North & South America • Asia Pacific
Transport *Provide transportation for freight, bulk commodities and passengers*	• Rail • Toll Roads • Ports	• Asia Pacific & South America • South America & Asia Pacific • Europe, North America & Asia Pacific
Energy *Provide energy transmission, distribution and storage services*	• Energy Transmission, Distribution & Storage • District Energy	• North America • North America & Asia Pacific
Communications Infrastructure *Provide essential services and critical infrastructure to the broadcasting and telecom sectors*	• Tower Infrastructure Operations	• Europe

(1) See Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 18 "Financial Statements" for information regarding revenue by segments and geographic market.



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Utilities

Overview

Our utilities segment is comprised of regulated utilities businesses, including regulated distribution (electricity and natural gas connections), electricity transmission and a regulated terminal (coal export terminal). These businesses earn a return on a regulated or notionally stipulated asset base, which we refer to as rate base, or from revenues in accordance with long-term concession agreements. Our rate base increases with capital that we invest to upgrade and expand our systems. Depending on the jurisdiction, our rate base may also increase by inflation and maintenance capital expenditures and decrease by regulatory depreciation. The return that we earn is typically determined by a regulator or contracts for prescribed periods of time. Thereafter, it may be subject to customary reviews based upon established criteria. Concession agreements are typically for 30-year periods with inflation protected revenue streams with no material volume risk. Our diversified portfolio of assets allows us to mitigate exposure to any single regulatory regime. In addition, due to the franchise frameworks and economies of scale of our businesses, we often have significant competitive advantages in competing for projects to expand our rate base and earn incremental revenues. Accordingly, we expect this segment to produce stable revenue and margins overtime that should increase with investment of additional capital and inflation. Nearly all of our utility segment's Adjusted EBITDA is supported by regulated or contractual revenues.

Our objectives for our utilities segment are to invest capital in the expansion of our rate base and in accordance with our concession agreements, as well as to provide safe and reliable service for our customers on a cost efficient basis. If we do so, we will be in a position to earn an appropriate return on our rate base and concession agreements. Our performance can be measured by the growth in our rate base, the return on our rate base, and the growth in our AFFO.

Our utilities segment is comprised of the following:

Regulated Distribution

- Approximately 2.8 million connections, predominantly electricity and natural gas, and approximately 450,000 installed smart meters.

Electricity Transmission

- Approximately 11,200 kilometres of operating transmission lines in North and South America with an additional 4,200 kilometres of greenfield electricity transmission under development in South America.

Regulated Terminal

- One of the world's largest metallurgical coal export terminals, with 85 million tons per annum ("mtpa") of capacity.

In September 2016, we signed an agreement in connection with the NTS Acquisition, to acquire a natural gas transmission operation in the southeast of Brazil, which supplies natural gas to Brazil's core industrialized and most populated states, including Rio de Janeiro, São Paulo and Minas Gerais. It operates under a stable regulatory framework with volumes 100% contracted under long-term "ship-or-pay" gas transportation agreements with full inflation indexation. Our expected investment is 30% of the total transaction, representing approximately $1.3 billion of the consideration payable on closing, with the remaining balance payable on the fifth anniversary of the closing. Completion of the NTS Acquisition is subject to certain closing conditions and regulatory approvals.

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Regulated Distribution Operations

Our regulated distribution operations have approximately 2.8 million electricity and natural gas connections in the U.K. and Colombia. In the U.K., our operation is the largest independent "last mile" natural gas and electricity connections provider, comprised of approximately 2.5 million connections. In South America, our electricity distribution franchise area is in the Boyacá province of Colombia, a region that is approximately 150 kilometres north of the capital, Bogotá.

Strategic Position

Our regulated distribution operations are critical to the markets in which they are located. In the U.K., our system is currently a market leader in terms of new gas and electricity connection sales, and total installed connections among independent utilities. Our South American regulated distribution operations provide reliable power to approximately 450,000 customers.

Our regulated distribution operations generate stable cash flow in the geographies in which we operate. Our U.K. operation has a diverse customer base throughout England, Scotland and Wales, which underpins its cash flow. Our U.K. customers consist primarily of large energy retailers who serve residential and business users. Our South American regulated distribution operations provide power to a customer base that is primarily residential, with nearly 100% urban electrification and 92% rural electrification in the areas we service.

Regulatory Environment

Our U.K. regulated distribution operations compete with other connection providers to secure contracts to construct, own and operate connections to the home for six product lines which include: natural gas, electricity, water, fibre, district heating and smart meters. Once connections are established, we charge retailers rates that are based on the tariff of the distribution utility with which we are interconnected. These tariffs are set on the basis of a regulated asset base. The connection rate is typically adjusted annually and provides inflation protection as it escalates at inflation minus a factor determined by the U.K. regulator. During the first 20 years after the commissioning of a connection, the gas connection rate is subject to a cap and floor that escalates by an inflation factor. Connections revenue does not vary materially with volume transported over our system.

Our South American distribution business earns an annuity return on the replacement cost of its systems plus a charge to cover operating expenses. Our rates are determined every five years. Our current regulated return is in excess of 13%. Between rate reviews, revenues are adjusted by an inflation factor. This effectively results in a real return on our regulated asset base in excess of 13%. Since the regulatory framework is based on replacement cost, we are positioned to capture volume over time as the appreciation in the rate base can at times exceed the amount of capital we need to reinvest to sustain operations. The majority of revenues earned in our South American regulated distribution business do not fluctuate with volumes.

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Growth Opportunities

We believe that our regulated distribution operations will be able to grow organically in each of the regions in which we operate. Opportunities for growth in the U.K. are driven by new gas, electricity and fibre connections, through leveraging and cross-selling certain bundled service offerings and by establishing new product lines such as water and district energy to existing customers. There are further prospects for growth with the opening up of the fibre and water markets to independent connections providers, with the continuing recovery in the housing market and by participating in the U.K. smart meter roll out program. During 2016, we adopted approximately 450,000 smart meters from a U.K. energy retailer, with a contract to adopt approximately 250,000 additional meters by June 2017. In South America, our regulated distribution operations have an operating license which allows us to expand vertically into the generation, transmission, and retail sectors. The business is located in a region that is home to emerging industrial industries and is experiencing strong economic growth, which will drive the need for further build-out of our distribution system and regional expansion of the transmission system. We believe we are well positioned for future growth opportunities.

Electricity Transmission Operations

Our electricity transmission operations are comprised of approximately 11,200 kilometres of operating transmission lines in North and South America. Our North American electricity transmission operations consist of approximately 600 kilometres of 345 kilovolt ("kV") transmission lines in Texas. Our South American electricity transmission system is comprised of approximately 10,600 kilometres including approximately 67% of Chile's high voltage transmission grid and approximately 700 kilometres of 60 kV to 220 kV transmission lines in Peru.

Additionally, we expect to invest $300 million in 4,200 kilometres of greenfield transmission development in Brazil, to be commissioned over the next five years, in projects that were recently awarded to us under government auctions. These are attractive 30-year concession assets that earn inflation indexed cash flows under an availability-based regulatory framework. In October 2016, we sold our Ontario electricity transmission operation which was comprised of approximately 560 kilometres of 44 kV to 230 kV transmission lines.

Strategic Position

Our electricity transmission operations occupy key positions in the markets in which we operate. In North America, our transmission lines facilitate the delivery of wind power to population centers as part of Texas' competitive renewable energy zone program. In Chile, our operations constitute the backbone of the country's high-voltage transmission system. These operations extend from the city of Arica in the north of Chile to the island of Chiloé in the south, serving 98% of the population of the country. Our Peruvian operations are located near Lima which is experiencing strong economic growth and demand for electricity. In Brazil, our lines under development are located in the northeast and center east including in the states of Bahia, Ceará, Rio Grande do Norte, Piauí and Paraiba. These lines will support the region's growing demand for electricity and facilitate the delivery of power from renewable generation resources to population centers in the South.

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All of our electricity transmission operations benefit from stable long-term cash flows. Our Texas operations have a broad customer base with revenues assessed on system-wide demand and collected on a state-wide basis mitigating our volume and credit risk. Currently, approximately 70% of our Chilean and Peruvian electricity transmission revenues are subject to the regulatory framework, whereas the remaining 30% of revenues are derived from a number of long-term transmission contracts, primarily serving hydro-electric power generators. These contracts have a pricing framework that is similar to the applicable regulatory framework (as discussed below), and following their expiration, a majority of this contracted revenue will convert to the regulatory framework. In Brazil, we earn inflation protected revenue streams with no volume risk that commence upon completion of construction under 30-year concession agreements which expire between 2044 and 2046.

Regulatory Environment

All of our electricity transmission operations are located in regions with stable regulatory environments. In Chile, regulated revenues are determined every four years based on a pre-tax 10% annuity real rate of return on replacement cost of the existing transmission system plus annual payments that provide for recovery of operational, maintenance and administrative costs. Between rate reviews, both revenue components are adjusted by a multi-component inflation factor. This effectively results in a 10% pre-tax, real return on our regulated asset base. Since the Chilean regulatory and contractual frameworks are based on replacement cost, we are positioned to capture volume over time as the appreciation in the rate base can at times exceed the amount of capital we need to reinvest to sustain operations. This transmission system has no material volume risk. Beginning in 2020, regulated revenues will be determined using a floating after-tax real return subject to a 7% floor which currently approximates a 9.1% pre-tax return.

The regulatory environment in Peru is similar to Chile with revenues determined every four years based on a pre-tax 12% annuity real rate of return on replacement cost of the existing transmission system plus annual payments that provide for recovery of operational, maintenance and administrative costs. Between rate reviews, both revenue components are adjusted by a multi-component inflation factor. This effectively results in a 12% pre-tax, real return on our regulated asset base. Since the regulatory framework is based on replacement cost, we are positioned to capture volume over time as the appreciation in the rate base can at times exceed the amount of capital we need to reinvest to sustain operations. Furthermore, this system has no volume risk.

In Brazil, the electric transmission industry is regulated by the Brazilian Electricity Regulatory Agency ("ANEEL"). Transmission lines are auctioned by ANEEL, which grants the right to construct, maintain and operate the transmission lines under a concession agreement. Concessions are awarded for a period of 30 years based on the lowest regulated revenue ("RAP") bid by the market. RAP is adjusted for inflation annually and updated every four to five years to reflect changes in operating costs and capital costs.

Our Texas transmission business operates under a historical cost of services regulatory regime overseen by the Public Utility Commission of Texas. Based on a September 2015 rate case, our Texas transmission business is allowed to earn a 9.6% return on equity which is deemed to be 40% of our rate base. Our rate base is equal to the historic cost of the system's assets plus any capital expenditures less depreciation and other deductibles. Our operating revenues do not fluctuate with usage of our system but do fluctuate based on total system peak annual electric loads, which are measured by the Electric Reliability Council of Texas, a not-for-profit corporate entity that is responsible for the day to day operation of Texas' electrical system.

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Growth Opportunities

We believe that attractive growth opportunities exist for all of our electricity transmission operations.

Chile has electricity generation that is a long distance away from population centers. Upgrades and expansions of the electricity transmission system will be required to connect new electricity generation to load centers to satisfy increased electricity demand resulting from economic growth. As of December 31, 2016, the approved capital expenditure backlog of our Chilean transmission system was approximately $591 million and is comprised of projects that have been awarded to us for which expenditures have not yet been made. Securing our first asset in Peru will serve as a foothold to pursue further growth opportunities.

Our concessions in Brazil are required for the expansion of the region's transmission system grid to connect new electricity generation resources, including wind located in the northeast and hydro in the north to satisfy growing demand. We believe that due to the geographic location of our concessions, there are opportunities to secure system reinforcements which will generate incremental RAP as well as secure new concessions at upcoming auctions.

Generation in Texas is expected to be developed in the western area of the state which is away from population centers in the east. In addition, strong economic growth and an aging infrastructure will drive the need for further expansions and upgrades of the existing transmission system. We are favourably positioned to take advantage of these opportunities due to our geographical location in west Texas as well as our incumbent status.

Regulated Terminal Operations

Our regulated terminal operation is comprised of a port facility that exports metallurgical and thermal coal mined in the central Bowen Basin region of Queensland, Australia, which is a high quality and low cost source of predominately metallurgical coal. Our terminal is one of the world's largest export terminals, accounting for approximately 20% of global seaborne metallurgical coal exports and 6% of total global seaborne coal exports.

The regulated terminal operation generates revenues under a regulatory regime that provides us with take-or-pay contracts. These contracts include: (i) a capacity charge that is allocated to users based on the percentage of total capacity for which they contract and (ii) a fixed and variable handling charge associated with operating and maintaining the terminal. The capacity charge is paid by users irrespective of their use of our terminal facility. The handling charge (both fixed and variable) is structured to be a complete pass through of the costs charged for terminal operations and maintenance. In the event that any user no longer requires their capacity, the regulatory regime re-socializes this capacity amongst the other users at the end of each regulatory period, thereby providing protection for the full recovery of capital investments.

Strategic Position

The Bowen Basin is a high quality, low cost, prolific series of metallurgical coal deposits, where there are few cost efficient options to access export markets other than through our terminal operations. We have take-or-pay contracts with some of the world's largest mining companies that operate in the Bowen Basin. Our regulated terminal operation is substantially contracted through 2019. Existing customers hold evergreen options to extend their capacity by a further five years and based on their past actions are expected to exercise renewal options for most of our regulated terminal operation's contracted capacity.

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Regulatory Environment

The terminal's operation is regulated by the Queensland Competition Authority ("QCA"). The previous regulatory period was set for five and a half years ending June 30, 2016, with the next regulatory period set for five years ending June 30, 2021. The QCA utilizes a return on regulated asset base methodology to calculate our revenue requirement. Our coal terminal's rate base increases with inflation and capital expenditures and decreases by depreciation. Our previous weighted average cost of capital allowed by the QCA was approximately 9.9% and based on the proposed access agreement, the QCA has indicated the weighted average cost of capital allowed over the next regulatory period will be 5.8%. We are currently operating under a transitional pricing arrangement until the QCA approves the new access arrangements and pricing. Once approved, pricing will be backdated to July 1, 2016.

Growth Opportunities

Over the past 30 years, our terminal's capacity has been expanded from 15 mtpa to 85 mtpa to meet ongoing customer demand. Potential exists to further grow our operations to facilitate future mine expansions in the Bowen Basin. Our coal terminal has completed feasibility studies which show the viability of significant further expansions within the terminal precinct which could take capacity well in excess of 100 mtpa.

Transport

Overview

Our transport segment is comprised of open access systems that provide transportation, storage and handling services for freight, bulk commodities and passengers, for which we are paid an access fee. Profitability is based on the volume and price achieved for the provision of these services. This operating segment is comprised of businesses with price ceilings as a result of regulation, such as our rail and toll road operations, as well as unregulated businesses, such as our ports. Transport businesses typically have high barriers to entry and, in many instances, have very few substitutes in their local markets. While these businesses have greater sensitivity to market prices and volume than our utilities segment, revenues are generally stable and, in many cases, are supported by contracts or customer relationships. The diversification within our transport segment mitigates the impact of fluctuations in demand from any particular sector, commodity or customer. Approximately 80% of our transport segment's Adjusted EBITDA is supported by contractual revenues.

Our objectives for our transport segment are to provide safe and reliable service to our customers and to satisfy their growth requirements by increasing the utilization of our assets and expanding our capacity in a capital efficient manner. If we do so, we will be able to charge an appropriate price for our services and earn an attractive return on the capital deployed. Our performance can be measured by our revenue growth and our Adjusted EBITDA margin.

Our transport segment is comprised of the following:

Rail

- Sole provider of rail network in south of Western Australia with approximately 5,500 kilometres of track and operator of approximately 4,800 kilometres of rail in South America.

Toll Roads

- Approximately 3,600 kilometres of motorways in Brazil, Chile, Peru and India.

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Ports

- 36 terminals in North America, U.K., Australia and across Europe.

Rail

Our Australian rail network is comprised of a below rail access provider, with over 5,500 kilometres of track and related infrastructure in the south of Western Australia under a long-term lease with the State Government. There are approximately 33 years remaining on this lease and this rail system is a crucial transport link in the region. Our Australian rail operation's revenue is derived from access charges paid by rail operators or underlying customers. Stability of revenue is underpinned by rail transport being a relatively small yet essential component of the overall value of the commodities and freight transported, as well as the strong contractual framework that exists with rail operators' customers.

Our Brazilian rail operations are part of an integrated system with transshipment terminals, rail, port terminal operations, and over 20,000 locomotives and wagons. They provide below and above rail services for approximately 4,800 kilometres of track. Our Brazil rail operates under concession contracts that establish productivity standards, volume goals and price caps. Additional revenue is earned by offering complimentary services including inland transshipment terminals and port services, which for the most part are not subject to any tariff regimes.

Strategic Position

Our Australian rail network is the only freight rail network providing access to the region's six State Government-owned ports for minerals and grain, as well as interstate intermodal terminals. The majority of our customers are leading commodity exporters with the top 10 customers contributing approximately 90% of track access revenue, through long dated contracts.

Our Brazilian rail operations span nine states and operate in three main corridors serving Brazil's center-north, center-east and center-southeast regions, including the most important agricultural and industrial regions in the country. Main sources of revenue are derived from grains, sugar, fertilizer, industrial and steel sectors and are generated from a diversified customer base.

Regulatory Environment

In Western Australia, the Economic Regulatory Authority ("ERA") is the independent economic regulator, responsible for the gas, electricity, water and rail industries. For the rail industry, an access regime exists with the ERA determining the revenue ceiling and floor boundaries by track segment for parties to negotiate within. These boundaries are established using a methodology based on a regulated rate of return on asset replacement value. Across the majority of the network, current revenue is well below the regulated ceiling. As a result, no contracted revenue is currently exposed to reduction under this access regime. Our Australian rail network operates its track on an open access basis consistent with the rail access regime and its lease obligations.

Our Brazilian rail concessions are governed by Brazil's transportation regulator, Agência Nacional de Transportes Terrestres ("ANTT"), which is also responsible for the tariff regime in that country. In addition, we access rail networks controlled by Vale S.A., Brazil's largest mining company, in an arrangement governed by long-term agreements. The regulatory regime requires concession holders to provide open access to all track users. Since most of our port operations are privately held, they are not subject to regulated tariffs and are able to move third party cargos with no regulatory pricing limitations.

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Growth Opportunities

Our Australian rail operation is a critical component of the logistics chain in its region. In many cases, it is the only mode of transportation for freight that is economically viable. As a result, the business is well positioned to benefit from the development of new agriculture or mining projects, which would require access to the rail network to transport to port for export markets.

Our Brazilian rail business is undergoing an approximately R$3 billion capital investment program to upgrade and expand, allowing it to capture volume growth by attracting cargo volumes that currently are transported by trucks, a higher cost alternative. This business is focused on improving network connectivity in the system by capturing the growing demand for integrated transportation services in Brazil. In addition, over R$2 billion has been invested in a port terminal expansion project to be delivered in 2017 that is located at Latin America's largest port. The project is adding three berths to handle over 14 mtpa of grain and sugar exports and fertilizer imports, which will significantly benefit our rail operation by increasing volumes, improving our strategic position as an integrated logistics provider. Future projects include the purchase of locomotives and wagons, and improvements to rail infrastructure including inland terminals, railway and yards.

Toll Roads

Our toll road operations are comprised of urban and interurban toll roads in Chile, Brazil, Peru and India. Our Chilean operations include 33 kilometres of free flowing roads that form a key part of the ring road network of Santiago. Our Brazilian operations comprise approximately 3,250 kilometres of inter-urban toll roads, located in the Southeast and South regions of Brazil crossing or connecting the states of São Paulo, Rio de Janeiro, Minas Gerais, Espírito Santo, Parana and Santa Catarina. Our Peruvian operations consist of 96 kilometres of existing roads and the greenfield construction of 19 kilometres of new roads, which together form three segments that are key transportation arteries in Lima. Our Indian operations include approximately 240 kilometres of existing roads which form part of India's most important national highways. Our toll road portfolio have concessions that began operations between 1998 and 2008, they operate under long-term concessions, with staggered maturities and an average remaining term of approximately 14 years.

Our toll roads are expected to generate stable, growing cash flows as a result of their strategic locations, the favourable long-term economic trends in the countries we operate in and inflation-indexed tariffs. These markets have all experienced significant economic growth over the last 20 years, leading to increased motorization rates and trade, which has driven increases in traffic volumes. We expect these trends to continue in the long-term, resulting in significant future traffic growth on our roads.

Strategic Position

Our Chilean toll road is a key artery in Santiago's urban road network as it connects the affluent business center of east Santiago with Chile's international airport, the Port of Valparaiso and the north of Chile. The primary users of the road are commuters getting to and from work. Conversely, our Brazilian toll roads are part of the inter-urban Brazilian toll road network, whose traffic is a mix of heavy industrial users and cars. Our roads are used in the transportation of goods in states of Brazil, which represent approximately 65% of Brazilian GDP. Our Peruvian toll roads are key arteries within Lima's road network that connect 23 districts and serve as the main access to the city from the north, south and east regions. Our Indian toll roads span the country and include some of India's most important national highways.

Our toll roads are critical infrastructure for the economies of Chile, Brazil, Peru and India, with few viable alternative routes available. Building new competing routes would be limited by environmental restrictions, difficulty to expropriate urban land and physical restrictions.

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Regulatory Environment

Our Chilean assets are governed by the Ministerio de Obras Publicas ("MOP"). Chile has an established concession program which has been in place for more than 20 years. To date, 82 concession agreements have been awarded, representing a total investment of approximately $19 billion within the country. Specifically, the ministerial regime for urban toll roads allows operators to raise tariffs annually at a level equal to inflation + 3.5% with additional increases in the form of congestion premiums, which can be up to three times the base tariff during congested periods.

Our Brazilian assets are governed by Agência Reguladora de Serviços Públicos Delegados de Transporte do Estado de São Paulo ("ARTESP") and ANTT, the São Paulo State and Federal regulators, respectively. The country has a widely developed toll road program, both at the Federal and State level, which has been in place for approximately 15 years. As of 2016, there were 59 motorway concessions in Brazil totaling over 19,000 kilometres. Brazilian concession agreements provide operators with annual tariff increases indexed to inflation and additional investments not considered in the initial concession agreements are compensated with real tariff increases or an extension of the concession period.

The concession for our Peruvian toll roads was granted by the Municipalidad Metropolitana de Lima ("MML") and is supervised by MML's municipal arm, Fondo Metropolitano de Inversiones ("Invermet"). Invermet is responsible for overseeing maintenance, conservation, and construction activities. The concession agreement includes tariff increases in excess of inflation until the end of 2018 when construction is completed, at which point tariffs will be linked to inflation.

Our Indian assets are governed by the National Highways Authority of India, which has been operational for over 20 years and has responsibility to develop, maintain and manage the national highways vested or entrusted to it by the Central Government of India. Revenues at four of the five toll roads are derived from annuity concession payments, while the other earns revenue from traffic linked toll road tariffs. The annuity concession payments provide stable and predictable cash flows from a government related entity while the toll road tariffs are linked to inflation which is expected to benefit from India's growing economy.

Growth Opportunities

We believe that long-term growth in the South American and Indian economies will trigger increases in traffic volumes. Coupled with tariff increases from inflation and congestion tariffs, this should drive significant future cash flow growth for our toll road businesses. In addition, Brazil, Chile and Peru are seeking to increase their respective paved road network by expanding existing roads and developing new roads. These planned expansions should present opportunities for us to invest additional capital in these attractive markets, given the scale of our existing network.

Ports

Our port operations are located primarily in U.K., Australia, North America, and across Europe. Our U.K. port is one of the largest operators in the country by volume and is a statutory harbor authority ("SHA") for the Port of Tees and Hartlepool in the north of the U.K. Our U.K. port's status as the SHA gives it the right to charge vessel and cargo owners conservancy tariffs (toll-like dues) for use of the River Tees. At our U.K. port, our revenue is primarily generated from port handling services for bulk and container volumes. In addition, approximately 25% of our revenue is earned from conservancy and pilotage tariffs. Furthermore, we have a freehold land base of approximately 2,000 acres that is strategically located in close proximity to our port, which generates income from long-term property leases that account for approximately 10% of our revenue.

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Our Australian port operations were acquired in 2016 as part of the Asciano transaction. Our operations include gateway container terminals in Australia's four largest container ports, a regional city port, and storage, handling and logistics operations at over 80 locations throughout Australia and New Zealand. The container terminal operations handled approximately 3.2 million Twenty-Foot Equivalent Units ("TEUs") in 2016, with the storage, handling and logistics businesses handling over 19 million tonnes of bulk and general cargo, 11 million tonnes of forestry products and over 600,000 vehicles per annum.

Our North American port operation is comprised of gateway container terminals in the ports of Los Angeles and Oakland, which operate under long-term terminal leases with the Los Angeles and Oakland port authorities. These terminals handled almost 1.2 million TEUs in 2016. In North America, our revenue is generated from port handling services for container volumes. A significant portion of our volumes are underpinned by a long-term minimum volume guarantee arrangement provided by our partner in this business, Mitsui O.S.K. Lines, Ltd.

Our European port operations are comprised of a portfolio of concessions in key strategic locations throughout Europe that handle heavy dry bulk, specialty dry bulk, liquid bulk, general cargo and containers. Our European port operations handle approximately 44 mtpa of cargo. At our European operations, we benefit from diversified operations with over 50 different types of products handled at 22 port terminals located throughout seven European countries.

Strategic Position

Our port operations are strategically located. In the U.K., Teesport is a large, deep-water port located in a well-developed industrial area in Northern England. The SHA status, as well as the established infrastructure which includes rail and road access, create barriers to entry for potential competitors.

Our Australian container port terminals operate under long-term leases, with over 165 hectares of land within the ports of Melbourne, Sydney, Brisbane and Fremantle, the four largest container ports by TEU in Australia. Our storage, handling and logistics business benefits from diversification both geographically, with operations at over 80 sites across Australia and New Zealand, and by goods and services, handling bulk and general cargo, forestry products and vehicles for a diversified customer base.

Our North American port operations are located in the ports of Los Angeles and Oakland, the largest import terminal and the largest export terminal in North America, respectively. These deep-water ports are in close proximity to irreplaceable, land-side infrastructure for intermodal and transloading services and are capable of handling the largest vessels currently in service.

Our European port operations are located in 22 port terminals across continental Europe and consist of 500 hectares of long-term port concessions and over 30 kilometres of quay length. With substantial infrastructure that is often integrated with our customers' facilities, including cranes, berths, warehouses, inloading and outloading equipment, our European port operations are protected by significant barriers to entry. Additionally, our operations provide logistical services for our customers that would be difficult for potential competitors to replicate.

Our U.K., Australian and North American port operations have a number of long-term contracts with established parties, including large multinational corporations. The majority of our revenues are derived from customers with significant investment in industrial infrastructure at or within close proximity to these ports. Our Australian port operations' main customers represent major shipping lines who utilize the multiple ports located nationally. Our European port operations mainly serve industrial customers in the immediate vicinity of our terminals under varied contract terms. Many key customers have been long-term customers continuously for between 10 and 30 years.

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Regulatory Environment

Our U.K. port is unregulated, but its status as the SHA for the River Tees provides the statutory right to collect conservancy tariffs (toll-like dues) payable by ships using the river and the requirement to maintain navigability of the waterway. The port has the statutory authority to set tariffs which are determined through consultancy with users of the river and indexed to inflation. Our North American, European and Australian port operations conduct business in an unregulated environment.

Growth Opportunities

Our U.K. port's flexible, multi-purpose capacity positions it to benefit from numerous growth initiatives. The ongoing expansion of our container handling facilities, in addition to improvements in our rail capacity, have driven new customer contracts for container cargo and positioned our U.K. port to be the main entry point for container cargo destined for the northern England market. Similarly, our sizeable freehold land base, strategic location and extensive port infrastructure, has enabled us to attract new energy-related customers, which are investing significant capital to build new plant and equipment on our land. As these new investments are commissioned, our U.K. port will benefit from increased property rental income, cargo handling revenue and conservancy fees.

Our North American port operations are undergoing a significant modernization project in Los Angeles that is expected to approximately double capacity and increase efficiency. Once complete, this project will make our terminal in Los Angeles one of the lowest cost and most automated terminals in North America with surplus capacity to facilitate future volume growth. Our terminal in Oakland is also undergoing an expansion of its facilities, which will almost double its capacity and significantly enhance its ability to service incremental demand.

In Australia and Europe, our port operations are well positioned to capitalize on increasing demand for bulk and general commodities as well as cross-selling opportunities with existing customers.

Energy

Overview

Our energy segment is comprised of systems that provide transportation, storage and distribution services. Profitability is based on the volume and price achieved for the provision of these services. This operating segment is comprised of businesses that are subject to regulation, such as our natural gas transmission business whose services are subject to price ceilings, and businesses that are essentially unregulated like our district energy business. Energy businesses typically have high barriers to entry as a result of significant fixed costs combined with economies of scale or unique positions in their local markets. Our energy segment is expected to benefit from forecasted increases in demand for energy. Although these businesses have greater sensitivity to market prices and volume than our utilities segment, revenues are typically contracted with varying durations and are relatively stable.

Our objectives for our energy segment are to provide safe and reliable service to our customers and to satisfy their growth requirements by increasing the utilization of our assets and expanding our capacity in a capital efficient manner. If we do so, we will be able to charge an appropriate price for our services and earn an attractive return on the capital deployed. Our performance can be measured by our revenue growth, our Adjusted EBITDA margin and our growth in AFFO.

Our energy segment is comprised of the following:

Transmission and Storage Operations

- Approximately 15,000 kilometres of natural gas transmission pipelines.
- Approximately 300 billion cubic feet ("bcf") of natural gas storage in the U.S. and Canada.

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District Energy Operations

- Delivers heating and cooling to customers from centralized systems including heating plants capable of delivering 2,870,000 pounds per hour of steam heating capacity, centralized gas distribution and cogeneration for heating, cooling and energy, 261,000 tons of contracted cooling capacity, as well as approximately 16,500 customer connections for natural gas, water and wastewater services.

Transmission and Storage Operations

Our transmission and storage operations include approximately 15,000 kilometres of natural gas transmission and pipeline systems in the U.S. and significant natural gas storage capacity in the U.S. and Canada.

Our natural gas transmission pipelines comprise one of the largest systems in the U.S., extending from the Gulf Coast in Texas and Oklahoma to Chicago. The majority of revenues are generated under contracts and are well positioned to benefit from forecasted increases in demand for clean energy.

Our natural gas storage facilities are needed to reallocate excess natural gas supply from periods of low demand to periods of high demand. Our assets are located in key North American natural gas producing and consuming regions providing access to multiple end-use markets.

Strategic Position

Our North American natural gas transmission system is the largest provider of natural gas transmission to the Chicago and northern Indiana markets and has significant interconnectivity with local distribution companies, natural gas liquefaction facilities, industrial users and gas-fired power plants. The system is also well connected to other pipelines accessing additional downstream markets, which increases demand for our transportation and storage services.

We operate or contract for more than 300 bcf of working gas capacity at our natural gas storage facilities. We have eight facilities that are connected at strategic points on the North American natural gas transmission network and provide access to multiple end-use markets and provide us and our customers with substantial liquidity to buy and sell natural gas. Our facilities are located in the U.S. and Canada.

Regulatory Environment

Our transmission and storage operations are subject to varied regulation that differs across our regions of operation. Our North American natural gas transmission system and our natural gas storage facility in Texas are regulated by FERC under the *Natural Gas Act of 1938*. FERC provides a regulated framework for shippers and natural gas pipeline owners to reach commercial agreement with customers without regulatory intervention under a maximum rate regime, and there is no periodic rate case obligation.

Our Canadian natural gas storage facilities are regulated by the Alberta Energy and Resources Conservation Board, which provides operational and environmental oversight. Our Californian natural gas storage facilities are subject to California Public Utilities Commission oversight. Our Oklahoma facility is regulated by the Oklahoma Corporation Commission. These facilities are not subject to any economic regulation.

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Growth Opportunities

Within our North American natural gas transmission operations we are progressing a number of organic growth opportunities that will expand our service offerings through capital projects supported by long-term contracts. Growth projects currently underway include expansion to provide additional deliverability to the Gulf Coast market and a new pipeline supporting the export market to Mexico. The projects will be constructed between 2017 and 2019. In late 2016, a growth project to expand the capacity of our system in the Chicago market was completed, with the incremental contracted revenue associated with the project commencing at the same time. In addition to projects under contract and their future add-on growth opportunities, this business is well positioned to take advantage of changing dynamics in the North American natural gas market.

Ownership of natural gas storage facilities is highly fragmented and we expect to continue to transact opportunistically in the marketplace. We believe that with the prolonged period of low natural gas prices and storage spreads there is an opportunity to act as an industry consolidator at attractive valuations.

District Energy

Our North American district energy operations are located in seven cities and consist of heating plants capable of delivering 2,870,000 pounds per hour of steam heating capacity, produced from six gas-fired steam plants and 261,000 tons of contracted cooling capacity, sourced from deep lake water systems and a variety of other conventional chilling technologies. These operations provide steam heating in key markets such as downtown Toronto, Ontario, in the medical district of New Orleans, Louisiana and in the central business district of Seattle, Washington. District cooling services are provided through an innovative deep lake cooling system in Toronto and from mechanical chilling operations in key markets such as Chicago, Illinois, Houston, Texas, and New Orleans.

Our Australian district energy operations provide heating, cooling and energy solutions and distributed natural gas, water and wastewater services, in the states of Tasmania, New South Wales and Victoria. The natural gas network includes over 800 kilometres of pipeline, bringing approximately 100 million cubic meters of natural gas to homes and businesses each year, with availability to provide this service to approximately 59,000 commercial and residential customers.

Strategic Position

Our district energy business in North America provides essential heating and cooling services to commercial customers, governments, hospitals and major sporting arenas in Toronto, Houston, New Orleans, Chicago and Seattle. Our Australian district energy business is comprised of an established natural gas distribution and retail business, supplying approximately 15,400 residential, commercial and industrial customers currently connected to our network in Tasmania and New South Wales. We are also operating and developing projects to supply natural gas and/or thermal energy, as well as distributed water and wastewater services, to residential and commercial customers. In most cases our district energy businesses offer the only feasible source of energy to customers who are connected to our network. In addition, we are able to realize synergies across this segment through the sharing of best practices for customer contracting and due diligence, financing strategies, as well as sharing back office functions in our North American and Australian businesses.

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Regulatory Environment

Our district energy business in Toronto is governed by the Ontario *Public Utilities Act of 1913* and *Toronto District Heating Corporation Act, 1998*. However, the business is not subject to rate regulation but receives the rights of a utility in Ontario, allowing it unrestricted access to its network of underground pipes in downtown Toronto. Our district energy business in Australia is currently not subject to any economic regulation. In Houston, Chicago, New Orleans and Seattle, our operations are enabled by long term franchise agreements with the respective municipalities.

Growth Opportunities

We have significant organic growth opportunities in our various district energy businesses, primarily through system expansions in North America. In particular, our Toronto deep lake water cooling system provides chilled water by pumping cold water from the depths of Lake Ontario. As a result of significant historical investment, this system has low variable costs. The system currently has excess capacity during non-peak periods of demand, and we will seek to connect incremental interruptible load to the system at limited capital cost. The district energy industry in North America is highly fragmented, providing significant opportunities to grow our business through acquisitions. The Australian district energy business is developing into a multi-asset energy and water provider, offering combined services for heating, cooling and energy as well as distributed water and wastewater services.

There are significant barriers to entry in these businesses, as there are limited opportunities for customers to support competing businesses once connected to our systems. Once a system is established, we are well positioned to capture further organic growth opportunities.

Communications Infrastructure

Overview

Our communications infrastructure segment provides essential services and critical infrastructure to the media broadcasting and telecom sectors. These services and access to infrastructure are contracted on a long-term basis with tariff escalation mechanisms. Our telecommunications customers pay upfront and recurring fees to lease space on our towers to host their equipment. Our broadcasting customers pay us fees for transmitting television and radio content to end users.

The key objective for this segment is to capture benefit from increased demand for densification from mobile network operators and to acquire towers and other infrastructure that are non-core to such operators. Our performance can be measured by the growth in our Adjusted EBITDA.

The segment is comprised of approximately 7,000 multi-purpose towers and active rooftop sites and 5,000 kilometres of fibre backbone located in France.

These operations generate stable, inflation-linked cash flows underpinned by long-term contracts (typically 10 years in telecommunications and five years in broadcasting) with large, prominent customers in France.

In addition to the operations above, on December 21, 2016, we signed an agreement to acquire an interest in a telecommunications tower business from Reliance Communications Limited in India. The telecommunications tower business has a pan-India presence across all 22 telecom circles including metro and rural areas, with expected revenues which are 70% contracted under long-term "take-or-pay" agreements. Our expected investment is 29% of the total transaction, through a Brookfield-sponsored infrastructure fund. This expected investment represents approximately $200 million of the approximately $600 million total consideration payable on closing. Completion of this transaction is subject to certain closing conditions and regulatory approvals.

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Strategic Position

Our business is the leading independent communications infrastructure operator in France. Its sites cover the entire French territory, with some in the very best locations, which enable us to be a leader across all of the segments in which we operate. Its scale in telecommunications sites makes it the number one independent tower operator in France and a preferred partner of mobile network operators. In television, it covers the French population with approximately 97% coverage in one of Europe's largest television markets. In radio, we are the reference provider for services in France with approximately 55% share of FM analog radio frequencies.

Regulatory Environment

In the television business, a small proportion of the sites (currently approximately 70) are considered to be non-replicable because either (i) they benefit from a remarkable location, often on an elevated point or area where the construction of a second tower is in practice very complex, (ii) equipment attachment height is greater than 100 meters or (iii) a set of exceptional circumstances prevent the site from being replicated. On these sites the regulator considers the business to have significant market power and as a result regulates the prices that can be charged. In total these regulated revenues account for approximately 40% of our television broadcast revenues. On the residual television sites, deemed replicable, access prices are subject to a price floor and cap established by the regulator. Our telecommunications site hosting operations are unregulated with pricing determined directly with the users of our infrastructure.

Growth Opportunities

We see growth opportunities in the telecom infrastructure segment as mobile network operators are expected to increase the coverage and capacity of their networks to support four main trends: (i) growing wireless data usage, (ii) next evolution of wireless standards, (iii) increased mobile network operator competition through network quality and reliability, and (iv) minimum spectrum license coverage obligations. We believe that the size and scope of our portfolio positions us to take advantage of these favourable trends through construction and acquisition of additional assets.

We are also participating in a French government-led initiative to provide lower population density areas in France with access to ultra-fast broadband through the deployment of fibre to the home networks. Investments in these networks present a unique opportunity for our business to leverage its existing assets and technical expertise operating a high-speed fibre backbone.

Acquisition Strategy

Over the past few years, we have established operating segments with scale in the utility, transport, energy and communications infrastructure sectors. As we look to grow our businesses, we will primarily target acquisitions that utilize existing operating segments to acquire high quality assets that we can actively manage to achieve a total return of 12 to 15% per annum, and extend our operations into new geographies in which Brookfield has a presence. We intend to utilize existing liquidity and capital recycling program to fund acquisitions and prudently access capital markets. As we grow our asset base, we will primarily target acquisitions in the following infrastructure sectors:

- Utilities: electricity transmission, regulated electricity, gas and water distribution and regulated or contracted terminal operations;
- Transport: railroads, ports, toll roads and airports;
- Energy: oil and gas pipelines and gathering and storage systems and district energy systems; and
- Communications infrastructure: telecommunications towers.

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An integral part of our acquisition strategy is to participate with institutional investors in Brookfield-sponsored consortiums for single asset acquisitions and as a partner in or alongside Brookfield-sponsored partnerships that target acquisitions that suit our profile. We will focus on consortiums and partnerships where Brookfield has sufficient influence or control to deploy our operations oriented approach. Brookfield has a strong track record of leading such transactions.

Brookfield has agreed that it will not sponsor transactions that are suitable for us in the infrastructure sector unless we are given an opportunity to participate. See Item 7.B "Related Party Transactions—Relationship Agreement". Since Brookfield has large, well-established operations in real estate and renewable power that are separate from us, Brookfield will not be obligated to provide us with any opportunities in these sectors. In addition, since Brookfield has granted an affiliate the right to act as the exclusive vehicle for Brookfield's timberland acquisitions in Eastern Canada and the Northeastern U.S., we will not be entitled to participate in timberland acquisitions in those geographic regions.

Intellectual Property

Our partnership, as licensee, has entered into a Licensing Agreement with Brookfield pursuant to which Brookfield has granted us a non-exclusive, royalty-free license to use the name "Brookfield" and the Brookfield logo in connection with marketing activities. Other than under this limited license, we do not have a legal right to the "Brookfield" name or the Brookfield logo. Brookfield may terminate our Licensing Agreement immediately upon termination of our Master Services Agreement and it may be terminated in the circumstances described under Item 7.B "Related Party Transactions—Licensing Agreements."

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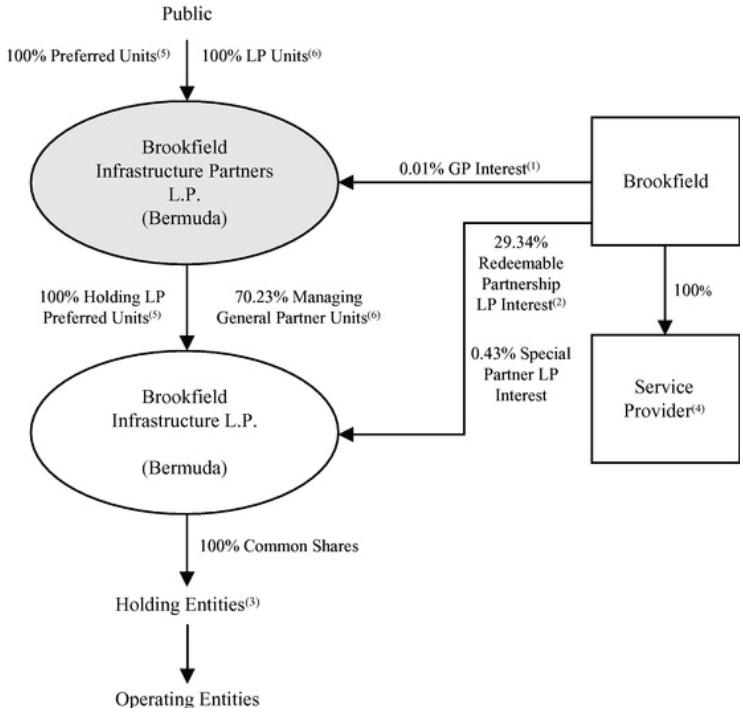
4.C ORGANIZATIONAL STRUCTURE

Organizational Charts

The chart below presents a summary of our ownership and organizational structure. Please note that on this chart all interests are 100% unless otherwise indicated and "GP Interest" denotes a general partnership interest and "LP Interest" denotes a limited partnership interest. These charts should be read in conjunction with the explanation of our ownership and organizational structure below and the information included under Item 4.B "Business Overview," Item 6.C "Board Practices" and Item 7.B "Related Party Transactions."



(1) Brookfield's general partner interest is held through Brookfield Infrastructure Partners Limited, a Bermuda company that is indirectly wholly-owned by Brookfield Asset Management, an Ontario corporation.

(2) Brookfield's limited partnership interest in the Holding LP, held in Redeemable Partnership Units, is redeemable for cash or exchangeable for our units in accordance with the Redemption-Exchange Mechanism, which could result in Brookfield eventually owning approximately 29.5% of our partnership's issued and outstanding units on a fully exchanged basis (including the issued and outstanding units that Brookfield currently also owns). See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption—Exchange Mechanism."

(3) Brookfield has provided an aggregate of $20 million of working capital to certain Holding Entities through a subscription for preferred shares. See Item 4.C "Organizational Structure—The Holding LP and Holding Entities".

(4) The Service Provider provides services to the Service Recipients pursuant to the Master Services Agreement.

(5) On March 12, 2015, our partnership issued five million Series 1 Preferred Units to the public and acquired five million Holding LP Series 1 Preferred Units. On December 8, 2015, our partnership issued five million Series 3 Preferred Units to the public and acquired five million Holding LP Series 3 Preferred Units. On August 2, 2016, our partnership issued ten million Series 5 Preferred Units to the public and acquired ten million Holding LP Series 5 Preferred Units. On January 19, 2017, our partnership issued twelve million Series 7 Preferred Units to the public and acquired twelve million Holding LP Series 7 Preferred Units.

(6) As of December 31, 2016, our partnership had outstanding 259,450,045 units. An equal number of Managing General Partner Units are held by our partnership in the Holding LP.

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Our Partnership

We own and operate high quality, long-life assets that generate stable cash flows, require relatively minimal maintenance capital expenditures and, by virtue of barriers to entry and other characteristics, tend to appreciate in value over time.

Our partnership is a Bermudian exempted limited partnership that was established on May 21, 2007 and spun off from Brookfield on January 31, 2008. See Item 4.D "Property, Plant and Equipment" for information regarding our partnership's head office.

Our partnership's sole material asset is its managing general partnership interest and preferred limited partnership interest in the Holding LP. Our partnership serves as the Holding LP's managing general partner and has sole authority for the management and control of the Holding LP. Our partnership anticipates that the only distributions that it will receive in respect of our partnership's managing general partnership interest and preferred limited partnership interest in the Holding LP will consist of amounts that are intended to assist our partnership in making distributions to our unitholders in accordance with our partnership's distribution policy, to our preferred unitholders in accordance with the terms of our preferred units and to allow our partnership to pay expenses as they become due. The declaration and payment of cash distributions by our partnership is at the discretion of our General Partner. Our partnership is not required to make such distributions and neither our partnership nor our General Partner can assure you that our partnership will make such distributions as intended.

Brookfield and the Service Provider

Brookfield has an approximate 29.5% interest in our partnership on a fully exchanged basis. Our partnership and the other Service Recipients have each appointed affiliates of Brookfield Asset Management as their Service Provider to provide certain management, administrative and advisory services, for a fee, under the Master Services Agreement.

Brookfield is a global asset management company focused on property, renewable energy, infrastructure and private equity assets with approximately $250 billion of assets under management, 63,000 operating employees and over 700 investment professionals worldwide. Brookfield's strategy is to combine best-in-class operating segments and transaction execution capabilities to acquire and invest in targeted assets and actively manage them in order to achieve superior returns on a long-term basis.

To execute our vision of being a leading owner and operator of high quality infrastructure assets that produce an attractive risk-adjusted total return for our unitholders, we will seek to leverage our relationship with Brookfield and in particular, its operations-oriented approach, which is comprised of the following attributes:

- strong business development capabilities, which benefit from deep relationships within, and in-depth knowledge of, its target markets;
- technical knowledge and industry insight used in the evaluation, execution, risk management and financing of development projects and acquisitions;
- project development capabilities, with expertise in negotiating commercial arrangements (including offtake arrangements and engineering, procurement and construction contracts), obtaining required permits and managing construction of network upgrades and expansions, as well as greenfield projects;
- operational expertise, with considerable experience optimizing sales of its products and structuring and executing contracts with end users to enhance the value of its assets; and
- development and retention of the highest quality people in its operations.

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Our partnership does not employ any of the individuals who carry out the current management of our partnership. The personnel that carry out these activities are employees of Brookfield, and their services are provided to our partnership or for our benefit under the Master Services Agreement. For a discussion of the individuals from Brookfield's management team that are expected to be involved in our infrastructure business, see Item 6.A "Directors and Senior Management—Our Management."

Our General Partner

Our General Partner serves as our partnership's general partner and has sole authority for the management and control of our partnership, which is exercised exclusively by its board of directors in Bermuda. Our partnership's managing general partnership interest in the Holding LP, which consists of Managing General Partner Units, entitles our partnership to serve as the Holding LP's managing general partner, with sole authority for management and control of the Holding LP, which is exercised exclusively through the board of directors of our General Partner.

See also the information contained in this annual report on Form 20-F under Item 3.D "Risk Factors—Risks Relating to Our Partnership Structure," Item 3.D "Risk Factors—Risks Relating to our Relationship with Brookfield," Item 6.A "Directors and Senior Management," Item 7.B "Related Party Transactions," Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership," Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement" and Item 7.A "Major Shareholders."

The Holding LP and Holding Entities

Our partnership indirectly holds its interests in operating entities through the Holding LP and the Holding Entities. The Holding LP owns all of the common shares of the Holding Entities. Brookfield has provided an aggregate of $20 million of working capital to certain Holding Entities through a subscription for preferred shares of such Holding Entities. These preferred shares are entitled to receive a cumulative preferential dividend equal to 6% of their redemption value as and when declared by the board of directors of the applicable Holding Entity and are redeemable at the option of the Holding Entity, subject to certain limitations, at any time after the tenth anniversary of their issuance. Except for the preferred share of our primary U.S. Holding Entity, which is entitled to one vote, the preferred shares are not entitled to vote, except as required by law.

Infrastructure Special LP

The Infrastructure Special LP is entitled to receive incentive distributions from the Holding LP as a result of its ownership of Special Limited Partner Units of the Holding LP. See Item 7.B "Related Party Transactions—Incentive Distributions."

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Significant Subsidiaries

The following table sets forth for each of our partnership's significant subsidiaries, the jurisdiction of incorporation and the percentage ownership held by our partnership.

Defined Name	Name of entity	Jurisdiction of Organization	Ownership Interest 2016 %	Voting Interest 2016 %
Holding LP	Brookfield Infrastructure L.P.	Bermuda	**70**(1)	**100**
Australian rail operation	Brookfield Rail Holdings No. 1 Pty Ltd	Australia	**100**(2)	**100**
Regulated terminal operations	DBCT Management Pty Ltd	Australia	**71**(2)	**100**
U.K. regulated distribution operations	Brookfield Utilities UK Holdings Limited	United Kingdom	**80**(2)	**80**
South American transmission operation	ETC Holdings Limited	Chile	**28**(2)	**28**
North American natural gas transmission operation	Natural Gas Pipeline Company of America LLC	United States	**50**(2)	**50**

(1) Ownership interest held directly by our partnership.

(2) Ownership interest held indirectly by the Holding LP.

4.D PROPERTY, PLANT AND EQUIPMENT

Our partnership's principal office and its registered office is at 73 Front Street, Hamilton HM 12, Bermuda, and is subject to a lease expiring on December 31, 2018. We do not directly own any real property.

See also the information contained in this annual report on Form 20-F under Item 3.D "Risk Factors—Risks Relating to Our Operations and the Infrastructure Industry—All of our infrastructure operations may require substantial capital expenditures in the future," "—Investments in infrastructure projects prior to or during a construction or expansion phase are likely to be subject to increased risk," "—All of our operating entities are subject to changes in government policy and legislation,", Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 18 "Financial Statements" regarding information on Property, Plant and Equipment on a consolidated basis.

ITEM 4A. UNRESOLVED STAFF COMMENTS

Not applicable.

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ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS ("MD&A")

Performance Targets and Key Measures

We target a total return of 12% to 15% per annum on the infrastructure assets that we own, measured over the long-term. We intend to generate this return from the in-place cash flow from our operations plus growth through investments in upgrades and expansions of our asset base, as well as acquisitions. If we are successful in growing our funds from operations per unit, we will be able to increase distributions to unitholders. Furthermore, the increase in our FFO per unit should result in capital appreciation (see "Reconciliation of Non-IFRS Financial Measures" on page 101 for more detail). We also measure the growth of FFO per unit, which we believe is a proxy for our ability to increase distributions to unitholders. In addition, we have performance measures that track the key value drivers for each of our operating segments. See "Segmented Disclosures" on page 86 for more detail.

Performance Measures Used by Management

To measure performance, we focus on net income, an IFRS measure, as well as certain non-IFRS measures, including funds from operations ("FFO"), adjusted funds from operations ("AFFO"), adjusted EBITDA ("Adjusted EBITDA") and adjusted earnings ("Adjusted Earnings"), along with other measures.

FFO

We define FFO as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. FFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). FFO is therefore unlikely to be comparable to similar measures presented by other issuers. FFO has limitations as an analytical tool. Specifically, our definition of FFO may differ from the definition used by other organizations, as well as the definition of funds from operations used by the Real Property Association of Canada ("REALPAC") and the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS.

AFFO

We define AFFO as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). AFFO is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. AFFO is therefore unlikely to be comparable to similar measures presented by other issuers and has limitations as an analytical tool.

Adjusted EBITDA

In addition to FFO and AFFO, we focus on Adjusted EBITDA, which we define as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Adjusted EBITDA is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Adjusted EBITDA is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted EBITDA has limitations as an analytical tool.

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Adjusted Earnings

We also focus on Adjusted Earnings, which we define as net income attributable to the partnership, excluding the impact of depreciation and amortization expense from revaluing property, plant and equipment and the effects of purchase price accounting, mark-to-market on hedging items and disposition gains or losses. Adjusted Earnings is a measure of operating performance that is not calculated in accordance with, and does not have any standardized meaning prescribed by, IFRS. Adjusted Earnings is therefore unlikely to be comparable to similar measures presented by other issuers. Adjusted Earnings has limitations as an analytical tool.

We believe our presentation of FFO, AFFO, Adjusted EBITDA and Adjusted Earnings are useful to investors because it supplements investors' understanding of our operating performance by providing information regarding our ongoing performance that excludes items we believe do not directly affect our core operations. Our presentation of FFO, AFFO, Adjusted EBITDA and Adjusted Earnings also provide investors enhanced comparability of our ongoing performance across periods.

In deriving FFO, AFFO and Adjusted EBITDA, we add back depreciation and amortization to net income. Specifically, in our financial statements we use the revaluation approach in accordance with IAS 16, Property, Plant and Equipment, whereby depreciation expense is determined based on a revalued amount, thereby reducing comparability with our peers who do not report under IFRS as issued by the IASB or who do not employ the revaluation approach to measuring property, plant and equipment. We add back deferred income taxes on the basis that we do not believe this item reflects the present value of the actual tax obligations that we expect to incur over our long-term investment horizon. We add back non-cash valuation gains or losses recorded in net income as well as breakage and transaction costs as these items are not reflective of our on-going sustainable performance.

To provide a supplemental understanding of the performance of our business and to enhance comparability across periods and relative to our peers we utilize Adjusted EBITDA. Adjusted EBITDA excludes the impact of interest expense and current income taxes to assist in assessing the operating performance of our business by eliminating for the effect of its current capital structure and tax profile.

While FFO provides a basis for assessing current operating performance, it does not take into consideration the cost to sustain the operating performance of our partnership's asset base. In order to assess the long-term, sustainable operating performance of our businesses, we observe that investors take into account the impact of maintenance capital expenditures to derive AFFO, in addition to FFO.

In deriving Adjusted Earnings we add back depreciation due to the revaluation of property, plant and equipment and acquisition accounting. As we own capital assets with finite lives, depreciation and amortization expense recognizes the fact that we must maintain or replace our asset base in order to preserve our revenue generating capability. We observe that certain of our investors view depreciation based on historical cost as a more relevant proxy of the expenditures necessary to maintain the service capacity of our assets. Adjusted Earnings also does not include mark-to-market on hedging items recorded in net income or disposition gains or losses. We add back mark-to-market on hedging items recorded in net income as these indicate a point in time approximation of value on long-term positions. We also add back disposition gains or losses as these items are not reflective of the ongoing performance of our underlying operations.

For further details regarding our use of FFO, AFFO, Adjusted EBITDA and Adjusted Earnings, as well as a reconciliation of net income to these measures, see the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A.

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Distribution Policy

Our objective is to pay a distribution per unit that is sustainable on a long-term basis while retaining sufficient liquidity within our operations to fund recurring growth capital expenditures, debt repayments and general corporate requirements. We currently believe that a payout of 60% to 70% of our FFO is appropriate over the long-term.

In light of the current prospects for our business, the Board of Directors of our General Partner approved an 11% increase in our annual distribution to $1.74 per unit, or 43.5 cents per unit quarterly, starting with the distribution to be paid in March 2017. This increase reflects the forecasted contribution from our recently commissioned capital projects, as well as the expected cash yield on acquisitions that we closed in the past year. Since the spin-off, we have increased our quarterly distribution from $0.18 per unit to $0.435 per unit, a compound annual growth rate of 12%. We target 5% to 9% annual distribution growth in light of the per unit FFO growth we foresee in our operations.

Basis of Presentation

Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). Our consolidated financial statements include the accounts of Brookfield Infrastructure and the entities over which it has control. Brookfield Infrastructure accounts for investments over which it exercises significant influence or joint control, but does not control, using the equity method.

Our partnership's equity interests include units held by public unitholders and the Redeemable Partnership Units held by Brookfield. Our units and the Redeemable Partnership Units have the same economic attributes in all respects, except that the Redeemable Partnership Units provide Brookfield the right to request that its units be redeemed for cash consideration. In the event that Brookfield exercises this right, our partnership has the right, at its sole discretion, to satisfy the redemption request with our units, rather than cash, on a one-for-one basis. As a result, Brookfield, as holder of Redeemable Partnership Units, participates in earnings and distributions on a per unit basis equivalent to the per unit participation of the limited partnership units of our partnership. However, given the redeemable feature referenced above, we present the Redeemable Partnership Units as a component of non-controlling interests.

When we discuss the results of our operating segments, we present Brookfield Infrastructure's proportionate share of results for operations accounted for using consolidation and the equity method, in order to demonstrate the impact of key value drivers of each of these operating segments on our partnership's overall performance. As a result, segment revenues, costs attributable to revenues, other income, interest expense, depreciation and amortization, deferred taxes, fair value adjustments and other items will differ from results presented in accordance with IFRS as they (1) include Brookfield Infrastructure's proportionate share of earnings (losses) from investments in associates attributable to each of the above noted items, and (2) exclude the share of earnings (losses) of consolidated investments not held by Brookfield Infrastructure apportioned to each of the above noted items. However, net income for each segment is consistent with results presented in accordance with IFRS. See "Reconciliation of Operating Segments" on page 105 for a reconciliation of segment results to our partnership's statement of operating results in accordance with IFRS.

On September 14, 2016, we completed a three-for-two split of our units by way of a subdivision of units (the "Unit Split"), whereby unitholders received an additional one-half of a unit for each unit held, resulting in the issuance of approximately 115 million additional units. All historical per unit disclosures have been adjusted to effect for the change in units due to the Unit Split.

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Critical Accounting Policies and Estimates

The preparation of financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses that are not readily apparent from other sources, during the reporting period. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments made by management and utilized in the normal course of preparing Brookfield Infrastructure's consolidated financial statements are outlined below.

Financial instruments

Critical judgments associated with the partnership's financial instruments pertain to the assessment of the effectiveness of hedging relationships. Brookfield Infrastructure performs hedge effectiveness testing on an ongoing basis with a forward-looking evaluation of whether or not the changes in the fair value or cash flows of the hedging item are expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedged item over the term of the relationship, conversely our partnership performs a retrospective hedge effectiveness test evaluating whether the changes in fair value or cash flows from the hedging item has been highly effective in offsetting changes in the fair value or cash flows of the hedged item since the date of designation. Estimates and assumptions used in determining the fair value of financial instruments are equity and commodity prices; future interest rates; the credit worthiness of the company relative to its counterparties; the credit risk of the company's counterparties relative to the company; estimated future cash flows; and discount rates.

Revaluation of property, plant and equipment

Property, plant and equipment is revalued on a regular basis. The critical estimates and assumptions underlying the valuation of property, plant and equipment are set out in Note 12, "Property, Plant and Equipment" in our financial statements included in this annual report on Form 20-F. Our partnership's property, plant, and equipment is measured at fair value on a recurring basis with an effective date of revaluation for all asset classes of December 31, 2016 and 2015. Brookfield Infrastructure determined fair value under the income method with due consideration to significant inputs such as the discount rate, terminal value multiple and overall investment horizon.

Impairment of goodwill, intangibles with indefinite lives and investment in associates and joint ventures

Our partnership assesses the impairment of goodwill and intangible assets with indefinite lives by reviewing the value-in-use or fair value less costs of disposal of the cash-generating units to which goodwill or the intangible asset has been allocated. Brookfield Infrastructure uses the following critical assumptions and estimates: the circumstances that gave rise to the goodwill, timing and amount of future cash flows expected from the cash-generating unit; discount rates; terminal capitalization rates; terminal valuation dates; useful lives and residual values.

The impairment assessment of investments in associates and joint ventures requires estimation of the recoverable amount of the asset.

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Other estimates utilized in the preparation of our partnership's financial statements are: depreciation and amortization rates and useful lives; recoverable amount of goodwill and intangible assets; ability to utilize tax losses and other tax measurements.

Recently adopted accounting standard amendments

Brookfield Infrastructure applied, for the first time, certain amendments to Standards applicable to Brookfield Infrastructure that became effective January 1, 2016. The impact of adopting these amendments on our partnership's accounting policies and disclosures are as follows:

IAS 16 Property, Plant, and Equipment ("IAS 16") and IAS 38 Intangible Assets ("IAS 38")

IAS 16, Property, Plant, and Equipment ("IAS 16") and IAS 38, Intangible Assets ("IAS 38") were both amended by the IASB as a result of clarifying the appropriate amortization method for intangible assets of service concession arrangements under IFRIC 12, Service Concession Arrangements ("SCAs"). The IASB determined that the issue does not only relate to SCAs but all tangible and intangible assets that have finite useful lives. Amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant, and equipment. Similarly, the amendment to IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset, with only limited circumstances where the presumption can be rebutted. Guidance is also introduced to explain that expected future reductions in selling prices could be indicative of a reduction of the future economic benefits embodied in an asset. Amendments to IAS 16 and IAS 38 were applied prospectively resulting in no material impact on Brookfield Infrastructure's consolidated financial statements.

(s) Future Changes in Accounting Policies

Standards issued, but not yet adopted

IFRS 15 Revenue from Contracts with Customers—("IFRS 15")

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The Standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The Standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts* and a number of revenue-related interpretations. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied for periods beginning on or after January 1, 2018 with early application permitted. An entity may adopt the Standard on a fully retrospective basis or on a modified retrospective basis. Brookfield Infrastructure is currently evaluating the impact of IFRS 15 on its consolidated financial statements, including the method of initial adoption.

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IFRS 9 Financial Instruments—("IFRS 9")

In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding the current IAS 39, *Financial Instruments: Recognition and Measurement* standard. This standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with an entity's risk management activities. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatory effective date for annual periods beginning on or after January 1, 2018, with early adoption permitted. Brookfield Infrastructure is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 16 Leases—("IFRS 16")

The International Accounting Standards Board has published a new standard, IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17, *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Brookfield Infrastructure is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

Amendments and Interpretations, not yet adopted

IAS 7 Statement of Cash Flows—("IAS 7")

In January 2016, the IASB issued amendments to IAS 7, effective for annual periods beginning January 1, 2017. The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. Brookfield Infrastructure is currently evaluating the impact of the IAS 7 amendments on its consolidated financial statements.

IFRIC 22 Foreign Currency Transactions—("IFRIC 22")

In December 2016, the IASB issued IFRIC 22, effective for annual periods beginning January 1, 2018. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The interpretation may be applied either retrospectively or prospectively. Brookfield Infrastructure is currently evaluating the impact of the IFRIC 22 interpretation on its consolidated financial statements, including the method of initial adoption.

5.A OPERATING RESULTS

Consolidated Results

In this section we review our consolidated performance and financial position as of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014. Further details on the key drivers of our operations and financial position are contained within the review of operating segments.

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The following table summarizes the financial results of Brookfield Infrastructure for the years ended December 31, 2016, 2015 and 2014.

US$ MILLIONS, EXCEPT PER UNIT INFORMATION	Year ended December 31		
Summary Statements of Operating Results	**2016**	**2015**	**2014**
Revenues	**$ 2,115**	$ 1,855	$ 1,924
Direct operating costs	**(1,063)**	(798)	(846)
General and administrative expenses	**(166)**	(134)	(115)
Depreciation and amortization expense	**(447)**	(375)	(380)
Interest expense	**(392)**	(367)	(362)
Share of earnings from investments in associates and joint ventures	**248**	69	50
Mark-to-market on hedging items	**74**	83	38
Other income (expense)	**174**	54	(1)
Income tax (expense) recovery	**(15)**	4	(79)
Net income	**528**	391	229
Net income attributable to our partnership[(1)]	**474**	298	184
Net income per limited partnership unit	**$ 1.13**	$ 0.69	$ 0.45

(1) Includes net income attributable to non-controlling interests—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

2016 vs. 2015

For the year ended December 31, 2016, we reported net income of $528 million, of which $474 million is attributable to our partnership. This is compared to net income of $391 million in the year ended December 31, 2015, of which $298 million was attributable to our partnership.

Revenues for the year ended December 31, 2016 were $2,115 million, which increased by $260 million compared to the year ended December 31, 2015. Our utilities segment contributed additional revenue of $72 million due to inflation indexation and various growth initiatives primarily at our U.K. regulated distribution operation. Our transport operations contributed an additional $276 million of revenue, primarily due to inflationary tariff increases, higher volumes at our Chilean toll roads and the initial contribution from recently completed acquisitions of toll roads in India and Peru as well as an Australian ports business. Revenue from organic growth initiatives within our district energy business and the expansion of our North American gas storage business contributed to incremental revenue of $92 million in our energy segment. These items were partially offset by the impact of foreign exchange of $96 million, a $25 million impact of a regulatory rate reset at our Australian regulated terminal operation, a $16 million impact of tariff relief extended to one of our clients at our Australian rail operation and a $43 million decrease due to the sale of our New England electricity transmission, European energy distribution and Ontario electricity transmission businesses in August 2015, May 2016 and October 2016, respectively.

Direct operating expenses for the year ended December 31, 2016 were $1,063 million, which increased by $265 million compared to the year ended December 31, 2015. The current period includes $56 million of incremental costs resulting from our aforementioned organic growth initiatives and $279 million of incremental costs related to acquisitions completed during the last 12 months, partially offset by the impact of foreign exchange of $37 million and $33 million associated with our capital recycling initiatives completed over the past year.

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General and administrative expenses for the year ended December 31, 2016 were $166 million, which increased by $32 million compared to the year ended December 31, 2015. This line item primarily consists of the base management fee that is paid to Brookfield, which is equal to 1.25% of our partnership's market value plus net recourse debt. The base management fee increased from prior year due to a larger market capitalization driven by the unit issuances over the last 12 months to fund investments and a higher unit price. General and administrative expenses also include certain public company expenditures relating to the ongoing operations of our partnership which were consistent with the same period of 2015.

Depreciation and amortization expense for the year ended December 31, 2016 was $447 million, which increased by $72 million compared to the year ended December 31, 2015. Depreciation and amortization expense increased by $96 million due to higher asset values resulting from our annual revaluation process, capital expenditures and acquisitions completed over the past year, partially offset by the impact of foreign exchange of $24 million.

Interest expense for the year ended December 31, 2016 was $392 million, which increased by $25 million compared to the year ended December 31, 2015. Interest expense increased by $36 million as a result of the aforementioned acquisitions. We also incurred additional interest expense of $14 million associated with two corporate medium term note issuances completed in March and October of 2015. These increases were partially offset by the impact of foreign exchange, which decreased our interest expense by $15 million during the period and a $10 million decrease due to the sale of our New England electricity transmission, European energy distribution and Ontario electricity transmission businesses in August 2015, May 2016 and October 2016, respectively.

Earnings from investments in associates for the year ended December 31, 2016 were $248 million, which increased by $179 million compared to the year ended December 31, 2015. The increase is predominantly associated with $100 million of income earned on the privatization of our Brazilian toll road operations in May 2016, $22 million of income earned on the sale of a non-core subsidiary of our Brazilian toll road operations in August 2016, and $22 million of deferred tax recoveries recorded at our European telecommunications infrastructure operation as a result of favourable changes in tax laws and additional contribution from increased ownership in our Brazilian toll road operation and our North American natural gas transmission business.

Mark-to-market gains on hedging items for the year ended December 31, 2016 were $74 million compared to $83 million for the year ended December 31, 2015. Both the current and comparative periods consist primarily of revaluation gains relating to foreign exchange hedging activities at the corporate level.

Other income for the year ended December 31, 2016 totaled $174 million compared to $54 million for the year ended December 31, 2015. Current period balances include dividend income received, break fee and a disposition gain of a combined $163 million associated with our toehold interest in Asciano Limited, a $24 million gain associated with mark-to-market gains on our pre-existing interest in the senior notes of our North American gas storage businesses acquired in July 2016, fair value adjustments of $12 million associated with our U.K. port operation and income of $40 million earned on financial assets purchased over the last 12 months. The gains were offset by $44 million of transaction costs related to acquisitions and dispositions completed during the past 12 months and inflation indexation on our Chilean peso denominated debt of $21 million. The comparative period primarily consists of a gain associated with the sale of our New England electricity transmission business.

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Income tax expense for the year ended December 31, 2016 was $15 million compared to a recovery of $4 million for the year ended December 31, 2015. The expense in the period was due to revaluation gains resulting from our annual revaluation process, which increases our deferred tax obligation. The recovery in the prior period related to a decrease in the U.K. tax rate, which reduced the future tax obligation associated with our U.K. business.

2015 vs. 2014

For the year ended December 31, 2015, we reported net income of $391 million, of which $298 million is attributable to our partnership. This is compared to net income of $229 million in the year ended December 31, 2014, of which $184 million was attributable to our partnership.

Revenues for the year ended December 31, 2015 were $1,855 million, which decreased by $69 million compared to the year ended December 31, 2014. Revenue from acquisitions completed in the second half of 2014 within our U.S. district energy and gas storage businesses contributed $79 million, while organic growth initiatives within our Canadian and Australian district energy businesses contributed incremental revenue of $18 million. Our utilities segment contributed additional revenue of $42 million as results benefitted from inflation indexation and various growth initiatives primarily at our U.K. regulated distribution operation. Our transport operations contributed an additional $36 million of revenue, primarily due to higher rates at our Australian rail operation, inflationary tariff increases at our South American toll roads and higher volumes at our U.K. port operations. These increases were more than offset by the impact of foreign exchange, as the U.S. dollar strengthened relative to most currencies in which we operate, which reduced our revenue in U.S. dollar terms by $244 million.

Direct operating expenses for the year ended December 31, 2015 were $798 million, which decreased by $48 million compared to the year ended December 31, 2014. This was driven by $52 million of operating expenses representing the full year impact of district energy and gas storage businesses acquired in the second half of 2014, an additional $28 million of costs resulting from the expansion of our systems through organic growth initiatives and higher volumes at our transport operations. These increases were more than offset by the impact of foreign exchange, which reduced our expenses in U.S. dollar terms by $128 million.

General and administrative expenses for the year ended December 31, 2015 were $134 million, which increased by $19 million compared to the year ended December 31, 2014. These expenses are primarily comprised of the base management fee that is paid to Brookfield, which is equal to 1.25% of our partnership's market value plus net recourse debt. This figure also includes certain public company expenditures relating to the on-going operations of our partnership. The base management fee increased as compared to the same period in 2014 as a result of an increase in market capitalization and recourse debt throughout 2015.

Depreciation and amortization expense for the year ended December 31, 2015 was $375 million, which decreased by $5 million compared to the year ended December 31, 2014. Depreciation and amortization expense increased by $26 million due to the impact of acquisitions of district energy and gas storage businesses completed in 2014, and $19 million attributable to higher asset values resulting from our annual revaluation process and capital expenditures over the past year. These increases were offset by the impact of foreign exchange, which reduced our expenses in U.S. dollar terms by $50 million.

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Interest expense for the year ended December 31, 2015 was $367 million, which increased by $5 million compared to the year ended December 31, 2014. Interest expense increased by $12 million as a result of the aforementioned acquisitions, in addition to higher non-recourse borrowings primarily associated with organic growth initiatives, which contributed incremental interest expense of $22 million. We also incurred additional interest expense of $18 million associated with our two corporate medium term note issuances completed in March and October of 2015. These increases were partially offset by the impact of foreign exchange, which decreased our interest expense in U.S. dollar terms by $47 million during the period.

Earnings from investments in associates for the year ended December 31, 2015 were $69 million, which increased by $19 million compared to the year ended December 31, 2014. The increase is due to the $28 million contribution from the acquisition of our European telecommunications infrastructure operation, completed in March of 2015, and the full-year contribution from our Brazilian rail operations that was acquired in August of 2014. Our results also benefitted from numerous organic growth initiatives across the business that contributed an additional $11 million, resulting from increased volumes across a number of our businesses. These items were offset by the impact of foreign exchange.

Mark-to-market gains on hedging items for the year ended December 31, 2015 were $83 million compared to $38 million for the year ended December 31, 2014. Both the current and comparative period consist primarily of revaluation gains relating to foreign exchange hedging activities at the corporate level. The gains recognized in the current and comparative period are the result of lower hedged rates on various currency contracts we had in place relative to the spot rates at period end.

Other income for the year ended December 31, 2015 totaled $54 million compared to a loss of $1 million for the year ended December 31, 2014. The current period includes a $63 million gain associated with the disposition of our New England electricity transmission business. The comparative period primarily consists of losses associated with inflation indexation of our Chilean peso denominated non-recourse borrowings.

Income tax recovery for the year ended December 31, 2015 was $4 million compared to an expense of $79 million for the year ended December 31, 2014. The recovery in the current period was caused by a decrease in the U.K. corporate tax rate, which reduced the future tax obligation associated with our U.K. businesses. The expense in the prior period was due to revaluation gains resulting from our annual revaluation process, which increases our deferred tax obligation.

The following table summarizes the statement of financial position of Brookfield Infrastructure for the years ended December 31, 2016 and December 31, 2015.

	As of	
US$ MILLIONS		
Summary Statements of Financial Position Key Metrics	**December 31, 2016**	**December 31, 2015**
Cash and cash equivalents	**$ 786**	$ 199
Total assets	**21,275**	17,735
Corporate borrowings	**1,002**	1,380
Non-recourse borrowings	**7,324**	5,852
Limited Partners' capital	**4,611**	3,838
General Partner capital	**27**	23
Non-controlling interest—Redeemable Partnership Units held by Brookfield	**1,860**	1,518
Non-controlling interest—in operating subsidiaries	**2,771**	1,608
Preferred Unitholders	**375**	189

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Total assets were $21,275 million at December 31, 2016, compared to $17,735 million at December 31, 2015, an increase of $3,540 million. The acquisitions of our Australian ports, Indian and Peruvian toll roads and North American gas storage operations during 2016 increased total assets by $2,648 million. Total assets also increased by $512 million as a result of revaluation gains recorded, primarily at our U.K. regulated distribution business and European telecommunications infrastructure operations. In addition, total assets increased due to capital injections into our equity accounted North American gas transmission operation and Brazilian toll roads of $312 million and $467 million respectively, and $323 million of cash on hand as result of the equity issuance in December 2016. These increases were offset by a $418 million decline in assets due to the sale of our European energy distribution business and the sale of our Ontario electricity transmission businesses in May 2016 and October 2016, respectively, as well as by the impact of depreciation of most foreign currencies in which we operate against the U.S. dollar, which reduced our asset base by $304 million.

Corporate borrowings were $1,002 million at December 31, 2016, compared to $1,380 million at December 31, 2015, a decrease of $378 million. The decrease is due to repayment of our corporate credit facility of $407 million, partially offset by a $29 million increase in our Canadian dollar denominated corporate debt due to the strengthening of the Canadian dollar against the U.S. dollar since December 31, 2015.

Non-recourse borrowings were $7,324 million at December 31, 2016, compared to $5,852 million at December 31, 2015, an increase of $1,472 million. The increase is attributable to the debt assumed in conjunction with acquisitions completed over the past 12 months of $1,161 million and subsidiary borrowings, net of repayments, of $422 million for the year ended December 31, 2016. This was partially offset by a $111 million decrease of debt balances denominated in foreign currencies which have weakened relative to the U.S. dollar since December 31, 2015.

Partnership capital was $6,498 million at December 31, 2016, compared to $5,379 million at December 31, 2015, an increase of $1,119 million. This increase was mainly driven by $730 million of net proceeds from partnership units issued in December 2016 and comprehensive income attributable to our partnership of $983 million, partially offset by $594 million in distributions paid, net of units issued as part of our dividend reinvestment plan.

Preferred unitholders equity was $375 million at December 31, 2016, compared to $189 million at December 31, 2015. The increase was a result of the net proceeds of $186 million from the issuance of the Series 5 Preferred Units in August 2016.

SEGMENTED DISCLOSURES

In this section, we review the results of our principal operating segments: utilities, transport, energy and communications infrastructure. Each segment is presented on a proportionate basis, taking into account Brookfield Infrastructure's ownership in operations accounted for using the consolidation and equity methods, whereby our partnership either controls or exercises significant influence or joint control over its investments. See "Discussion of Segment Reconciling Items" on page 108 for a reconciliation of segment results to our partnership's statement of operating results in accordance with IFRS.

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Utilities Operations

Results of Operations

The following table presents our proportionate share of the key metrics of our utility segments:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Funds from operations (FFO)	**$ 399**	$ 387	$ 367
Maintenance capital expenditures	**(15)**	(13)	(14)
Adjusted funds from operations (AFFO)	**$ 384**	$ 374	$ 353
Return on rate base[1],[2]	**11%**	11%	11%

(1) Return on rate base is Adjusted EBITDA divided by time weighted average rate base.

(2) Return on rate base excludes impact of connections revenues at our U.K. regulated distribution operation.

The following table presents our utilities segment's proportionate share of financial results:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Revenue	**$ 684**	$ 698	$ 736
Costs attributable to revenues	**(160)**	(174)	(217)
Adjusted EBITDA	**524**	524	519
Interest expense	**(130)**	(142)	(158)
Other income	**5**	5	6
Funds from operations (FFO)	**399**	387	367
Depreciation and amortization	**(154)**	(153)	(155)
Deferred taxes and other items	**(83)**	(24)	(58)
Net income	**$ 162**	$ 210	$ 154

The following table presents our proportionate Adjusted EBITDA and FFO for the businesses in this operating segment:

	Adjusted EBITDA			FFO		
US$ MILLIONS	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Regulated Distribution	**$ 257**	$ 228	$ 200	**$ 213**	$ 183	$ 158
Electricity Transmission	**135**	140	147	**105**	112	116
Regulated Terminal	**132**	156	172	**81**	92	93
Total	**$ 524**	$ 524	$ 519	**$ 399**	$ 387	$ 367

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The following table presents the roll-forward of our rate base:

US$ MILLIONS	Year ended December 31 2016	2015
Rate base, start of period	**$ 4,018**	$ 4,118
Dispositions	**(162)**	(38)
Capital expenditures commissioned	**226**	234
Inflation and other indexation	**63**	97
Regulatory depreciation	**(44)**	(53)
Foreign exchange and other	**(313)**	(340)
Rate base, end of period	**$ 3,788**	$ 4,018

The following table presents the roll-forward of our proportionate share of capital backlog and capital to be commissioned:

US$ MILLIONS	Year ended December 31 2016	2015	2014
Capital backlog, start of period	**$ 452**	$ 397	$ 300
Additional capital project mandates	**793**	341	395
Less: capital expenditures	**(428)**	(258)	(242)
Foreign exchange and other	**(56)**	(28)	(56)
Capital backlog, end of period	**761**	452	397
Construction work in progress	**225**	124	101
Total capital to be commissioned	**$ 986**	$ 576	$ 498

2016 vs. 2015

For the year ended December 31, 2016 our regulated distribution operations generated Adjusted EBITDA of $257 million and FFO of $213 million compared to $228 million and $183 million, respectively, in 2015. This increase was primarily attributable to the performance of our U.K. regulated distribution business that benefitted from an increased rate base, inflation indexation and the initial contribution from our smart meter acquisition, which were partially offset by the impact of foreign exchange.

For the year ended December 31, 2016 our electricity transmission operations generated Adjusted EBITDA of $135 million and FFO of $105 million compared to $140 million and $112 million, respectively, in 2015. Adjusted EBITDA and FFO decreased compared to the prior year as the impact of inflation indexation and additions to our rate base were more than offset by the impact of foreign exchange and the sale of our New England and Ontario electricity transmission businesses in August 2015 and October 2016, respectively.

For the year ended December 31, 2016 our regulated terminal reported Adjusted EBITDA of $132 million and FFO of $81 million compared to $156 million and $92 million, respectively, in 2015. Adjusted EBITDA and FFO decreased from the prior year as the benefits of inflation indexation and additions to our rate base were more than offset by the impacts of the regulatory rate reset effective July 1, 2016 and foreign exchange.

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Depreciation and amortization expenses increased to $154 million for the year ended December 31, 2016, compared to $153 million for the same period in 2015. Depreciation and amortization expense was relatively consistent with 2015 levels as the impact of higher asset values as a result of our annual revaluation process were partially offset by foreign exchange.

Deferred taxes and other items for the year ended December 31, 2016 were a loss of $83 million compared to a loss of $24 million for the same period in 2015. The variance is due to higher mark-to-market losses on hedging items at our U.K. regulated distribution operation in the current period and a gain on sale of our New England electricity transmission business recorded in the third quarter of 2015.

As of December 31, 2016, total capital to be commissioned into rate base was $986 million compared to $576 million as of December 31, 2015. The capital to be commissioned relates to projects that have been awarded or filed with regulators with anticipated commissioning into rate base in the next two to three years. The total capital to be commissioned as of December 31, 2016 includes smart meter installations and connections added to our backlog at our U.K. regulated distribution business, the acquisition of 4,200 kilometres of greenfield transmission lines in our Brazil transmission business, and system upgrades and expansions at our Chilean transmission business. Our U.K. regulated distribution business, Chilean electricity transmission operations and Brazil transmission system are the largest contributors at $530 million, $210 million and $230 million, respectively.

2015 vs. 2014

For the year ended December 31, 2015 our regulated distribution operations generated Adjusted EBITDA of $228 million and FFO of $183 million compared to $200 million and $158 million, respectively, in 2014. Results increased year-over-year primarily due to record connections activity at our U.K. regulated distribution business, additions to our rate base and inflation indexation.

For the year ended December 31, 2015 our electricity transmission operations generated Adjusted EBITDA of $140 million and FFO of $112 million compared to $147 million and $116 million, respectively, in 2014. Adjusted EBITDA and FFO decreased slightly as inflation indexation and additions to rate base were offset by the impact of foreign exchange and the sale of our New England electricity transmission business in August 2015.

For the year ended December 31, 2015 our regulated terminal reported Adjusted EBITDA of $156 million and FFO of $92 million compared to $172 million and $93 million, respectively, in 2014. Adjusted EBITDA and FFO decreased from prior year as the benefits of inflation indexation and additions to rate base were offset by the impact of foreign exchange as our hedged rate declined compared to prior year. This was partially offset at the FFO level by the favourable impact of foreign exchange on our Australian dollar denominated interest expense.

Depreciation and amortization decreased to $153 million for the year ended December 31, 2015, compared to $155 million for the same period in 2014. The decrease of $2 million from 2014 is primarily due to the impact of foreign exchange, mostly offset by higher depreciation expense from additions to our regulated asset base and higher asset values as a result of our annual revaluation process.

Deferred taxes and other items for the year ended December 31, 2015 was a loss of $24 million compared to a loss of $58 million for the same period in 2014. The variance is associated with a deferred tax recovery due to a favourable change in U.K. tax law offset by lower mark-to-market gains on hedging items at our U.K. regulated distribution business.

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As of December 31, 2015, total capital to be commissioned into rate base was $576 million compared to $498 million as of December 31, 2014. The total capital to be commissioned increased as capital project mandates awarded were partially offset by capital expenditures made during the period and the impact of foreign exchange. Our U.K. regulated distribution business and Chilean transmission system are the largest contributors at approximately $400 million and $150 million, respectively.

Transport Operations

Results of Operations

The following table presents our proportionate share of the key metrics of our transport segment:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Growth capital expenditures	**$ 319**	$ 297	$ 332
Adjusted EBITDA margin[(1)]	**48%**	49%	48%
Funds from operations (FFO)	**423**	398	392
Maintenance capital expenditures	**(88)**	(72)	(80)
Adjusted funds from operations (AFFO)	**$ 335**	$ 326	$ 312

(1) EBITDA margin is calculated based on net of construction revenues and costs which are incurred at our Peruvian toll road operation during the construction of our toll roads.

The following table presents our transport segment's proportionate share of financial results:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Revenues	**$ 1,247**	$ 1,143	$ 1,238
Cost attributed to revenues	**(650)**	(588)	(639)
Adjusted EBITDA	**597**	555	599
Interest expense	**(157)**	(142)	(173)
Other expenses	**(17)**	(15)	(34)
Funds from operations (FFO)	**423**	398	392
Depreciation and amortization	**(253)**	(217)	(250)
Deferred taxes and other items	**36**	(46)	(39)
Net income	**$ 206**	$ 135	$ 103

The following table presents proportionate Adjusted EBITDA and FFO for each business in this operating segment:

	Adjusted EBITDA			FFO		
US$ MILLIONS	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Rail	**$ 270**	$ 292	$ 270	**$ 206**	$ 231	$ 201
Toll Roads	**239**	180	248	**152**	111	140
Ports	**88**	83	81	**65**	56	51
Total	**$ 597**	$ 555	$ 599	**$ 423**	$ 398	$ 392

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The following table presents the roll-forward of our proportionate share of capital backlog and capital to be commissioned:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Capital backlog, start of period	**$ 467**	$ 655	$ 373
Impact of acquisitions, net of disposals	**—**	—	242
Additional capital project mandates	**533**	316	412
Less: capital expenditures	**(319)**	(297)	(332)
Foreign exchange and other	**40**	(207)	(40)
Capital backlog, end of period	**721**	467	655
Construction work in progress	**349**	110	77
Total capital to be commissioned	**$ 1,070**	$ 577	$ 732

2016 vs. 2015

For the year ended December 31, 2016, our rail business generated Adjusted EBITDA of $270 million and FFO of $206 million compared to $292 million and $231 million, respectively, in 2015. Adjusted EBITDA and FFO decreased as the benefit from increased tariffs in South America was more than offset by lower agricultural volumes in Brazil, the impact of a tariff relief package extended to one of our clients in Australia and foreign exchange movements.

For the year ended December 31, 2016, our toll roads contributed Adjusted EBITDA of $239 million and FFO of $152 million compared to $180 million and $111 million, respectively, in 2015. The current period Adjusted EBITDA and FFO benefitted from an 11% increase in average tariffs, increased ownership in our Brazilian toll road business, strong traffic volumes on our Chilean toll roads and contributions from our recent investments in Peru and India. These positive results were partially offset by lower vehicle traffic in Brazil and foreign exchange movements.

For the year ended December 31, 2016, our port operations reported Adjusted EBITDA of $88 million and FFO of $65 million compared to $83 million and $56 million, respectively, in 2015. Adjusted EBITDA and FFO increased versus the prior year due to the acquisition of our Australian ports business in August 2016 and contribution from new contracts signed at our U.K. port terminal, partially offset by lower volumes at our European port operations.

Depreciation and amortization increased to $253 million for the year ended December 31, 2016, up from $217 million in 2015. The increase in depreciation expense arose from acquisitions during the past 12 months, expansionary capital expenditure programs and higher asset values as a result of our annual revaluation process.

Deferred taxes and other items for the year ended December 31, 2016 were a gain of $36 million compared to a loss of $46 million for the same period in 2015. The increase is predominately associated with the $100 million gain recorded on the privatization of our Brazil toll road operations in May 2016 with our partner in the business, as the fair value of the incremental ownership interest exceeded consideration paid.

As of December 31, 2016, total capital to be commissioned into rate base was $1,070 million compared to $577 million as of December 31, 2015. We expect enhancements to our networks over the next two to three years to expand capacity and support additional volumes, leading to cash flow growth over the long term. Included in this balance is the port of Santos expansion project currently over 95% complete at our Brazilian rail operation, and several lane duplication projects at our Brazilian toll road operations.

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2015 vs. 2014

For the year ended December 31, 2015, our rail business generated Adjusted EBITDA of $292 million and FFO of $231 million compared to $270 million and $201 million, respectively, in 2014. Adjusted EBITDA and FFO increased versus prior year as a result of improved agricultural volumes and a full year contribution from our South American rail operation acquired in the third quarter of 2014, as well as increased volumes and inflationary rate increases at our Australian operation. These increases were partially offset by the impact of foreign exchange.

For the year ended December 31, 2015, our toll roads contributed Adjusted EBITDA of $180 million and FFO of $111 million compared to $248 million and $140 million, respectively, in 2014. Adjusted EBITDA and FFO decreased versus prior year as the benefit of regulatory tariff increases and stronger light vehicle volumes were more than offset by the impact of foreign exchange. In local currency, toll road Adjusted EBITDA was 5% higher than prior year.

For the year ended December 31, 2015, our port operations reported Adjusted EBITDA of $83 million and FFO of $56 million compared to $81 million and $51 million, respectively, in 2014. Adjusted EBITDA and FFO have increased versus the prior year as benefits from the delivery of the first phase of the automation project at our North American container terminal and increased container volumes at our U.K. port operation were partially offset by the impact of foreign exchange.

Depreciation and amortization decreased to $217 million for the year ended December 31, 2015, down from $250 million in 2014. The $33 million decrease versus 2014 is due to foreign exchange, which more than offset incremental depreciation from our South American rail acquisition in the third quarter of 2014.

Deferred taxes and other expenses for the year ended December 31, 2015 were $46 million compared to $39 million for the same period in 2014. The $7 million increase versus the prior year was due to the acquisition of our South American rail business in August 2014 and higher inflation indexation on our Chilean peso denominated debt.

As of December 31, 2015, total capital to be commissioned into rate base was $577 million compared to $732 million as of December 31, 2014. The total capital to be commissioned decreased as capital project mandates awarded were more than offset by capital expenditures made during the period and the impact of foreign exchange. Our Brazilian toll road business and Brazilian rail operation are the largest contributors to our capital to be commissioned over the next two to three years at approximately $325 million and $150 million, respectively.

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Energy Operations

Results of Operations

The following table presents our proportionate share of the key metrics of our energy segment:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Growth capital expenditures	**$ 67**	$ 27	$ 37
Adjusted EBITDA margin[(1)]	**56%**	48%	45%
Funds from operations (FFO)	**175**	90	68
Maintenance capital expenditures	**(61)**	(45)	(37)
Adjusted funds from operations (AFFO)	**$ 114**	$ 45	$ 31

(1) Adjusted EBITDA margin is Adjusted EBITDA divided by revenues.

The following table presents our energy segment's proportionate share of financial results:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Revenues	**$ 496**	$ 349	$ 311
Cost attributed to revenues	**(220)**	(183)	(172)
Adjusted EBITDA	**276**	166	139
Interest expense	**(109)**	(79)	(71)
Other income	**8**	3	—
Funds from operations (FFO)	**175**	90	68
Depreciation and amortization	**(128)**	(90)	(76)
Deferred taxes and other items	**43**	—	12
Net income	**$ 90**	$ —	$ 4

The following table presents proportionate Adjusted EBITDA and FFO for each business in this operating segment:

	Adjusted EBITDA			FFO		
US$ MILLIONS	**2016**	**2015**	**2014**	**2016**	**2015**	**2014**
Energy Transmission, Distribution & Storage	**$ 225**	$ 118	$ 111	**$ 131**	$ 49	$ 45
District Energy	**51**	48	28	**44**	41	23
Total	**$ 276**	$ 166	$ 139	**$ 175**	$ 90	$ 68

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The following table presents the roll-forward of our proportionate share of capital backlog and capital to be commissioned:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Capital backlog, start of period	**$ 181**	$ 73	$ 30
Additional capital project mandates	**37**	151	84
Less: capital expenditures	**(67)**	(27)	(37)
Foreign exchange and other	**(4)**	(16)	(4)
Capital backlog, end of period	**147**	181	73
Construction work in progress	**37**	37	21
Total capital to be commissioned	**$ 184**	$ 218	$ 94

2016 vs. 2015

For the year ended December 31, 2016, our energy transmission, distribution and storage operations generated Adjusted EBITDA of $225 million and FFO of $131 million compared to $118 million and $49 million, respectively, in 2015. Adjusted EBITDA and FFO increased versus prior year as a result of our increased ownership, the impact of de-leveraging and higher transportation volumes, all at our North American natural gas transmission operation. Results also benefited from the recent acquisition of Niska Gas Storage which closed in July of this year.

For the year ended December 31, 2016, our district energy business contributed Adjusted EBITDA of $51 million and FFO of $44 million compared to $48 million and $41 million, respectively, in 2015. Adjusted EBITDA and FFO increased versus the prior year as a result of adding over 1,400 residential connections across the business and the contribution from a tuck-in acquisition completed in Houston during the second half of 2016.

Depreciation and amortization increased to $128 million for the year ended December 31, 2016, up from $90 million in 2015. The increase is primarily due to additional depreciation as a result of our annual revaluation process, increased ownership in our North American natural gas transmission business and acquisitions completed over the past 12 months.

Deferred taxes and other items for the year ended December 31, 2016 were a gain of $43 million compared to $nil for the same period in 2015. The current year balance includes non-recurring gains, partially offset by losses related to hedging activities in our gas storage operations during the current period.

As of December 31, 2016, total capital to be commissioned is $184 million compared to $218 million as of December 31, 2015. We completed the Chicago market expansion project at our North American natural gas transmission business during the fourth quarter of 2016 and are seeing increasing demand for gas transportation from the north end of our system to markets in the south. Our first expansion to the south is scheduled to be in service during the fourth quarter of 2018 and is the first of several expansions of this nature that could materialize over the next five years. Across our businesses, we expect enhancements to our systems over the next two to three years that will expand capacity to support additional volumes, leading to cash flow growth over the long term. Capital to be commissioned includes $100 million within our energy transmission, distribution and storage operations and $80 million in our district energy business.

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2015 vs. 2014

For the year ended December 31, 2015, our energy transmission, distribution and storage operations generated Adjusted EBITDA of $118 million and FFO of $49 million compared to $111 million and $45 million, respectively, in 2014. Adjusted EBITDA and FFO increased from 2014 to 2015 as the segment benefitted from higher transportation volumes at our North American natural gas transmission operation.

For the year ended December 31, 2015, our district energy business contributed Adjusted EBITDA of $48 million and FFO of $41 million compared to $28 million and $23 million, respectively, in 2014. Adjusted EBITDA and FFO increased compared to the year ended December 31, 2014 as a result of contributions from new district energy systems that were acquired in the third quarter of 2014, the completion of organic growth projects, such as the Louisiana State University medical center project, new customer connections and renewal of existing customers at favourable rates.

Depreciation and amortization increased to $90 million for the year ended December 31, 2015, up from $76 million for the same period in 2014, respectively. The increase is primarily due to additional depreciation as a result of our annual revaluation process and acquisitions in our district energy business, partially offset by the impact of foreign exchange.

Deferred taxes and other expenses for the year ended December 31, 2015 was $nil compared to $12 million of income for the same period in 2014. The decrease of $12 million compared to the prior year is due to the benefit from a reduction in our gas storage obligation recognized in 2014 with the acquisition of our U.S. gas storage business.

As of December 31, 2015, total capital to be commissioned into rate base was $218 million compared to $94 million as of December 31, 2014. The total capital to be commissioned increased as capital project mandates awarded were partially offset by capital expenditures made during the period and the impact of foreign exchange. Capital to be commissioned includes approximately $140 million within our energy transmission, distribution and storage operations and approximately $80 million in our District Energy businesses.

Communications Infrastructure Operations

Results of Operations

The following table presents our proportionate share of the key metrics of our communications infrastructure segment:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Growth capital expenditures	**$ 29**	$ 15	$ —
Adjusted EBITDA margin[(1)]	**56%**	54%	—
Funds from operations (FFO)	**77**	60	—
Maintenance capital expenditures	**(9)**	(6)	—
Adjusted funds from operations (AFFO)	**$ 68**	$ 54	$ —

(1) Adjusted EBITDA margin is Adjusted EBITDA divided by revenues.

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The following table presents our communications infrastructure segment's proportionate share of financial results:

	Year ended December 31		
US$ MILLIONS	2016	2015	2014
Revenues	**$ 163**	$ 123	$ —
Cost attributed to revenues	**(72)**	(57)	—
Adjusted EBITDA	**91**	66	—
Interest expense	**(12)**	(6)	—
Other expenses	**(2)**	—	—
Funds from operations (FFO)	**77**	60	—
Depreciation and amortization	**(74)**	(46)	—
Deferred taxes and other items	**24**	1	—
Net income	**$ 27**	$ 15	$ —

For the year ended December 31, 2016, our communications infrastructure segment generated Adjusted EBITDA and FFO of $91 million and $77 million, respectively, versus $66 million and $60 million, respectively, in the prior year. Adjusted EBITDA increased compared to the prior year due to the full year contribution of the business which was acquired at the end of the first quarter of 2015, the benefit of additional points of presence in the second half of 2016 and inflationary revenue increases. FFO increased compared to the prior year as the aforementioned items were partially offset by higher interest costs associated with the long-term financing put in place in the first half of 2016.

Depreciation and amortization increased to $74 million for the year ended December 31, 2016, up from $46 million for the same period in 2015, respectively. The increase is primarily due to a full year's ownership of the business and additional depreciation as a result of our annual revaluation process over the past 12 months.

Deferred taxes and other items for the year ended December 31, 2016 were a gain of $24 million compared to a gain of $1 million for the same period in 2015. The $23 million variance is mainly attributable to the benefit from a decrease in the French income tax rate enacted during 2016.

As of December 31, 2016, total capital to be commissioned into rate base was $40 million compared to $30 million as of December 31, 2015. Increase in total capital to be commissioned reflects more than 700 towers to be constructed over the next 12 months.

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Corporate and other

The following table presents the components of Corporate and Other, on a proportionate basis for the twelve months ended:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
General and administrative costs	**$ (8)**	$ (8)	$ (8)
Base management fee	**(158)**	(126)	(107)
Adjusted EBITDA	**(166)**	(134)	(115)
Other income	**84**	34	26
Financing costs	**(48)**	(27)	(14)
Funds from operations (FFO)	**(130)**	(127)	(103)
Deferred taxes and other items	**119**	65	26
Net loss	**$ (11)**	$ (62)	$ (77)

2016 vs. 2015

General and administrative costs for the year ended December 31, 2016 were consistent with the comparative periods.

Pursuant to our Master Services Agreement, we pay Brookfield an annual base management fee equal to 1.25% of our market value plus net recourse debt. The base management fee increased from prior year due to a larger market capitalization from capital raised in the last 12 months to fund new investments and a higher unit price.

Other income includes interest and distribution income as well as realized gains or losses earned on corporate financial assets. The increase during the year ended December 31, 2016 versus the comparative period is primarily due to investments made in higher yielding financial assets during the past 12 months.

Corporate financing costs include interest expense and standby fees on our committed credit facility and corporate medium term notes, less interest earned on cash balances. Financing costs increased year-over-year due to increased borrowings used to finance new investments.

Deferred taxes and other items for the year ended December 31, 2016 were a gain of $119 million compared to a gain of $65 million in 2015. The current period balance includes a gain on our Asciano toehold investment, partially offset by the impact of foreign exchange on our hedging program compared to last year. The comparative period consisted primarily of revaluation items relating to foreign exchange hedging activities at the corporate level.

2015 vs. 2014

General and administrative costs for the year ended December 31, 2015 were consistent with the comparative periods.

Pursuant to our Master Services Agreement, we pay Brookfield an annual base management fee equal to 1.25% of our market value plus net recourse debt. The base management fee increased from prior year due to a larger market capitalization from capital raised in the last 12 months to fund new investments and a higher unit price.

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Other income includes interest and distribution income as well as realized gains earned on corporate financial assets. The increase during the year ended December 31, 2015 versus the comparative period is primarily due to incremental interest income generated on corporate financial assets acquired over the past 12 months.

Corporate financing costs include interest expense and standby fees on our committed credit facility and corporate medium term notes, less interest earned on cash balances. Corporate financing costs for the year ended December 31, 2015 increased versus 2014 due to higher draws on our credit facility used to bridge finance new investments during 2015 and interest on corporate medium term notes issued in March and October 2015.

Deferred taxes and other expenses for the year ended December 31, 2015 were $65 million of income compared to $26 million of income in 2014. The $39 million variance is due to incremental mark-to-market gains related to our foreign currency hedging program in 2015.

SELECTED STATEMENT OF OPERATING RESULTS AND FINANCIAL POSITION INFORMATION

To measure performance, we focus on net income, an IFRS measure, as well as certain non-IFRS measures, including but not limited to FFO, AFFO, Adjusted EBITDA and Adjusted Earnings. We define FFO as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. We define AFFO as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). We define Adjusted EBITDA as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. We define Adjusted Earnings as net income attributable to our partnership, excluding the impact of depreciation and amortization expense from revaluing property, plant and equipment and the effects of purchase price accounting, mark-to-market on hedging items and disposition gains or losses.

Along with net income and other IFRS measures, FFO and Adjusted EBITDA are key measures of our financial performance that we use to assess the results and performance of our operations on a segmented basis. AFFO is also a measure of operating performance, and represents the ability of our businesses to generate sustainable earnings. Adjusted Earnings is a measure of operating performance used to assess the ability of our businesses to generate recurring earnings which allows users to better understand and evaluate the underlying financial performance of our partnership.

Since they are not calculated in accordance with, and do not have any standardized meanings prescribed by IFRS, FFO, AFFO, Adjusted EBITDA and Adjusted Earnings are unlikely to be comparable to similar measures presented by other issuers and have limitations as analytical tools. Specifically, our definition of FFO may differ from the definition used by other organizations, as well as the definition of funds from operations used by the Real Property Association of Canada ("REALPAC") and the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS.

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For further details regarding our use of FFO, AFFO, Adjusted EBITDA and Adjusted Earnings, as well as a reconciliation of net income to these measures, see the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A.

US$ MILLIONS, EXCEPT PER UNIT INFORMATION	Year ended December 31		
Key Metrics	**2016**	**2015**	**2014**
Net income[1]	**$ 474**	$ 298	$ 184
Net income per limited partnership unit[2]	**1.13**	0.69	0.45
Funds from operations (FFO)	**944**	808	724
Per unit FFO[3]	**2.72**	2.39	2.30
Adjusted funds from operations (AFFO)[4]	**771**	672	593
Adjusted EBITDA[5]	**1,322**	1,177	1,142
Adjusted earnings[6]	**657**	461	350
Adjusted earnings per unit[3]	**1.66**	1.18	0.97
Distributions per unit	**1.55**	1.41	1.28
Payout ratio[7]	**67%**	68%	62%

(1) Net income attributable to limited partners, non-controlling interest attributable to redeemable partnership units and the general partner.

(2) Average number of limited partnership units outstanding on a time weighted average basis for the year were 244.7 million (2015: 238.9 million 2014: 225.4 million).

(3) Average units outstanding during the year of 347.2 million (2015: 337.4 million, 2014: 315.1 million).

(4) AFFO is defined as FFO less maintenance capital expenditures. Refer to the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A for a reconciliation from net income to AFFO.

(5) Adjusted EBITDA is defined as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Refer to the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A for a reconciliation from net income to Adjusted EBITDA.

(6) Adjusted Earnings is defined as net income attributable to our partnership, excluding the impact of depreciation and amortization expense from revaluing property, plant and equipment and the effects of purchase price accounting, mark-to-market on hedging items and disposition gains or losses. Refer to the "Reconciliation of Non-IFRS Financial Measures" section of this MD&A for a reconciliation from net income to Adjusted Earnings.

(7) Payout ratio is defined as distributions paid per unit (inclusive of GP incentive and preferred unit distributions) divided by FFO.

For the year ended December 31, 2016, FFO totaled $944 million ($2.72 per unit) compared to FFO of $808 million ($2.39 per unit) in 2015 and FFO of $724 million ($2.30 per unit) in 2014. FFO increased by 14% and 18% on a per unit basis compared to 2015 and 2014, respectively as a result of organic growth across most of our businesses and incremental earnings on capital that we deployed over the past two years partially offset by the impact of foreign exchange. The distributions paid during 2016 represented a payout ratio of 67%, which is within our long-term target range of 60-70%.

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The following tables present selected statement of operating results and financial position information by operating segment on a proportionate basis:

US$ MILLIONS Statement of Operating Results	Year ended December 31 2016	 2015	 2014
Net income (loss) by segment			
Utilities	**$ 162**	$ 210	$ 154
Transport	**206**	135	103
Energy	**90**	—	4
Communications Infrastructure	**27**	15	—
Corporate and other	**(11)**	(62)	(77)
Net income	**$ 474**	$ 298	$ 184
Adjusted EBITDA by segment			
Utilities	**$ 524**	$ 524	$ 519
Transport	**597**	555	599
Energy	**276**	166	139
Communications Infrastructure	**91**	66	—
Corporate and other	**(166)**	(134)	(115)
Adjusted EBITDA	**$ 1,322**	$ 1,177	$ 1,142
FFO by segment			
Utilities	**$ 399**	$ 387	$ 367
Transport	**423**	398	392
Energy	**175**	90	68
Communications Infrastructure	**77**	60	—
Corporate and other	**(130)**	(127)	(103)
FFO	**$ 944**	$ 808	$ 724

US$ MILLIONS Statement of Financial Position	As of December 31, 2016	 December 31, 2015
Total assets by segment		
Utilities	**$ 4,605**	$ 4,723
Transport	**6,160**	5,338
Energy	**3,032**	2,744
Communications Infrastructure	**933**	824
Corporate and other	**(510)**	(196)
Total assets	**$ 14,220**	$ 13,433
Net debt by segment		
Utilities	**$ 2,798**	$ 2,721
Transport	**2,611**	2,118
Energy	**1,468**	1,735
Communications Infrastructure	**392**	386
Corporate and other	**453**	1,094
Net Debt	**$ 7,722**	$ 8,054
Partnership capital by segment		
Utilities	**$ 1,807**	$ 2,002
Transport	**3,549**	3,220
Energy	**1,564**	1,009
Communications Infrastructure	**541**	438
Corporate and other	**(963)**	(1,290)
Partnership capital	**$ 6,498**	$ 5,379

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RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

We focus on FFO to measure operating performance, along with IFRS measures such as net income. In addition, we also assess AFFO, Adjusted EBITDA and Adjusted Earnings.

These measures are not calculated in accordance with, and do not have any standardized meanings prescribed by, IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

FFO, AFFO, Adjusted EBITDA and Adjusted Earnings have limitations as analytical tools. Therefore FFO, AFFO, Adjusted EBITDA and Adjusted Earnings should not be considered as the sole measures of our performance and should not be considered in isolation from, or as a substitute for, analysis of our results as reported under IFRS.

Net income attributable to our partnership is the most directly comparable IFRS measure to FFO, AFFO, Adjusted EBITDA and Adjusted Earnings. We urge you to review the IFRS financial measures within the MD&A and to not rely on any single financial measure to evaluate our partnership.

We define FFO as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses.

FFO has limitations as an analytical tool:

- FFO does not include depreciation and amortization expense; because we own capital assets with finite lives, depreciation and amortization expense recognizes the fact that we must maintain or replace our asset base in order to preserve our revenue generating capability;
- FFO does not include deferred income taxes, which may become payable if we own our assets for a long period of time; and
- FFO does not include breakage and transaction costs or non-cash valuation gains, losses and impairment charges.

FFO is a key measure that we use to evaluate the performance of our operations and forms the basis for our partnership's distribution policy.

When viewed along with our IFRS results, we believe that FFO provides a more complete understanding of factors and trends affecting our underlying operations. FFO allows us to evaluate our businesses on the basis of cash return on invested capital by removing the effect of non-cash and other items.

We add back depreciation and amortization to remove the implication that our assets decline in value over time since we believe that the value of most of our assets will be sustained over time, provided we make all necessary maintenance expenditures. We add back deferred income taxes because we do not believe this item reflects the present value of the actual cash tax obligations we will be required to pay, particularly if our operations are held for a long period of time. We add back non-cash valuation gains or losses recorded in net income as they are non-cash and indicate a point-in-time approximation of value on items we consider long-term. We also add back breakage and transaction costs as they are capital in nature.

In addition, we focus on adjusted funds from operations or AFFO, which is defined as FFO less capital expenditures required to maintain the current performance of our operations (maintenance capital expenditures). While FFO provides a basis for assessing current operating performance, it does not take into consideration the cost to sustain the operating performance of our partnership's asset base. In order to assess the long-term, sustainable operating performance of our businesses, we observe that in addition to FFO, investors use AFFO by taking into account the impact of maintenance capital expenditures.

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We also focus on Adjusted EBITDA which we define as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs and non-cash valuation gains or losses. Adjusted EBITDA provides a supplemental understanding of the performance of our business and enhanced comparability across periods and relative to our peers. Adjusted EBITDA excludes the impact of interest expense and current income taxes to remove the effect of the current capital structure and tax profile in assessing the operating performance of our businesses.

Adjusted Earnings is a measure that can be used to evaluate the performance of our operations, defined as net income attributable to our partnership, excluding any incremental depreciation and amortization expense associated with the revaluation of our property, plant and equipment and the impact of purchase price accounting, mark-to-market on hedging items and disposition gains or losses. While we believe that maintenance capital expenditures are the best measure of the cost to preserve our revenue generating capability, we acknowledge that investors may view historical depreciation as a more relevant proxy. Adjusted Earnings also excludes mark-to-market on hedging items recorded in net income or disposition gains or losses as we believe these items are not reflective of the ongoing performance of our underlying operations.

When viewed with our IFRS results, we believe that Adjusted Earnings provides a supplemental understanding of the performance of our underlying operations and also gives users enhanced comparability of our ongoing performance relative to peers in certain jurisdictions and across periods.

The following table reconciles net income attributable to our partnership, the most directly comparable IFRS measure, to FFO and AFFO, non-IFRS financial metrics:

	Year ended December 31		
US$ MILLIONS, EXCEPT PER UNIT AMOUNTS[1]	**2016**	**2015**	**2014**
Net income attributable to partnership[2]	**$ 474**	$ 298	$ 184
Add back or deduct the following:			
Depreciation and amortization	**609**	506	481
Deferred income taxes	**(5)**	(53)	(2)
Mark-to-market on hedging items	**(17)**	(63)	(39)
Valuation (gains) losses and other	**(117)**	120	100
FFO	**944**	808	724
Maintenance capital expenditures	**(173)**	(136)	(131)
AFFO	**$ 771**	$ 672	$ 593

(1) See Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Relevant Measures—Reconciliation of Operating Segments" for a detailed reconciliation of Brookfield Infrastructure's proportionate results to our partnership's consolidated statements of operating results.

(2) Net income attributable to partnership includes net income attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

The difference between net income attributable to partnership and FFO is primarily due to depreciation and amortization expenses of $609 million (2015: $506 million, 2014: $481 million), deferred tax recovery of $5 million (2015: $53 million, 2014: $2 million), mark-to-market gains on hedging items of $17 million (2015: $63 million, $39 million) and valuation gains of $117 million (2015: losses of $120 million, 2014: losses of $100 million).

The difference between net income attributable to partnership and AFFO is mostly due to the aforementioned items in addition to maintenance capital expenditures of $173 million (2015: $136 million, 2014: $131 million).

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The following table reconciles net income attributable to our partnership, the most directly comparable IFRS measure, to Adjusted EBITDA, a non-IFRS measure. Adjusted EBITDA is presented based on our proportionate share of results in operations accounted for using the consolidation and the equity methods.

US$ MILLIONS[1]	Year ended December 31 2016	2015	2014
Net income attributable to partnership[2]	**$ 474**	$ 298	$ 184
Add back or deduct the following:			
Depreciation and amortization	**609**	506	481
Deferred income taxes	**(5)**	(53)	(2)
Mark-to-market on hedging items	**(17)**	(63)	(39)
Reversal of impairment charge and other	**(117)**	120	100
Interest expense	**456**	396	416
Other (income) expense	**(78)**	(27)	2
Adjusted EBITDA	**$ 1,322**	$ 1,177	$ 1,142

(1) Please see Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Relevant Measures—Reconciliation of Operating Segments" for a detailed reconciliation of Brookfield Infrastructure's proportionate results to our partnership's consolidated statements of operating results.

(2) Net income attributable to partnership includes net income attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

The difference between net income attributable to partnership and Adjusted EBITDA is primarily due to depreciation and amortization expenses of $609 million (2015: $506 million, 2014: $481 million) and interest expense of $456 million (2015: $396 million, 2014: $416 million).

The following table reconciles net income attributable to our partnership, the most directly comparable IFRS measure, to Adjusted Earnings, a non-IFRS financial metric:

US$ MILLIONS	Year ended December 31 2016	2015	2014
Net income attributable to partnership[1]	**$ 474**	$ 298	$ 184
Add back or deduct the following:			
Depreciation and amortization expense due to application of revaluation model and acquisition accounting	**300**	248	205
Mark-to-market on hedging items	**(17)**	(63)	(39)
Gain on sale of subsidiaries or ownership changes	**(100)**	(22)	—
Adjusted earnings	**$ 657**	$ 461	$ 350

(1) Net income attributable to partnership includes net income attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

The difference between net income attributable to partnership and Adjusted Earnings is due to depreciation and amortization expense attributable to application of the revaluation model and acquisition accounting of $300 million (2015: $248 million, 2014: $205 million), mark-to-market gains on hedging items of $17 million (2015: $63 million, 2014: $39 million) and gains on the sale of subsidiaries or changes in ownership of $100 million (2015: $22 million, 2014: $nil).

Net income per limited partnership unit is the most directly comparable IFRS measure for per unit FFO and Adjusted Earnings per unit.

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The following table reconciles net income per limited partnership unit, the most directly comparable IFRS measure, to FFO per unit, a non-IFRS financial metric:

US$ MILLIONS, EXCEPT PER UNIT AMOUNTS[1]	Year ended December 31 2016	2015	2014
Net income per limited partnership unit[2]	**$ 1.13**	$ 0.69	$ 0.45
Add back or deduct the following:			
Depreciation and amortization	**1.75**	1.50	1.53
Deferred income taxes	**(0.01)**	(0.16)	(0.01)
Mark-to-market on hedging items	**(0.05)**	(0.19)	(0.12)
Valuation losses (gains) and other	**(0.10)**	0.55	0.45
Per unit FFO[3]	**$ 2.72**	$ 2.39	$ 2.30

(1) See Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations—Other Relevant Measures—Reconciliation of Operating Segments" for a detailed reconciliation of Brookfield Infrastructure's proportionate results to our partnership's consolidated statements of operating results.

(2) During 2016, on average there were 244.7 million limited partnership units outstanding (2015: 238.9 million, 2014: 225.4 million).

(3) During 2016, on average there were 347.2 million units outstanding (2015: 337.4 million, 2014: 315.1 million).

The following table reconciles net income per limited partnership unit, the most directly comparable IFRS measure, to Adjusted Earnings per unit, a non-IFRS financial metric:

US$ MILLIONS, EXCEPT PER UNIT AMOUNTS	Year ended December 31 2016	2015	2014
Net income per limited partnership unit[1]	**$ 1.13**	$ 0.69	$ 0.45
Add back or deduct the following:			
Depreciation and amortization expense due to application of revaluation model & acquisition accounting	**0.86**	0.74	0.65
Mark-to-market on hedging items	**(0.05)**	(0.18)	(0.13)
Gains on sale of subsidiaries or ownership changes	**(0.28)**	(0.07)	—
Adjusted earnings per unit[2]	**$ 1.66**	$ 1.18	$ 0.97

(1) During 2016, on average there were 244.7 million limited partnership units outstanding (2015: 238.9 million, 2014: 225.4 million).

(2) During 2016, on average there were 347.2 million units outstanding (2015: 337.4 million, 2014: 315.1 million).

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OTHER RELEVANT MEASURES

The following section contains information to assist users in the calculation of the enterprise value of our partnership.

Enterprise Value

We define Enterprise Value as the market value of our partnership plus preferred units and proportionate debt, net of proportionate cash.

The following table presents Enterprise Value as of December 31, 2016, 2015 and 2014:

	Year ended December 31		
US$ MILLIONS	**2016**	**2015**	**2014**
Partnership units outstanding, end of period[1],[2]	**369.5**	345.1	315.2
Price[3]	**$ 33.4719**	$ 25.2876	$ 27.9141
Market capitalization	**12,368**	8,727	8,799
Preferred units[4]	**375**	189	—
Proportionate net debt[5]	**7,722**	8,054	6,657
Enterprise value	**$ 20,465**	$ 16,970	$ 15,456

(1) Adjusted for 3-for-2 unit split effective September 14, 2016.

(2) Includes limited partner, general partner and redeemable partnership units held by Brookfield.

(3) Market value of our partnership is calculated based on the price per unit referencing the volume weighted average of the trading price of our units on the New York Stock Exchange for the last five trading days of a period.

(4) Preferred units on Brookfield Infrastructure's Consolidated Statement of Financial Position.

(5) Please see Item 5.B "Liquidity and Capital Resources" for a detailed reconciliation of Brookfield Infrastructure's proportionate net debt to our partnership's consolidated debt on the Consolidated Statement of Financial Position.

Reconciliation of Operating Segments

Adjusted EBITDA, FFO and AFFO are presented based on our proportionate share of results in operations accounted for using consolidation and the equity method whereby we either control or exercise significant influence over the investment respectively, in order to demonstrate the impact of key value drivers of each of these operating segments on our overall performance. As a result, segment depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses are reconciling items that will differ from results presented in accordance with IFRS as these reconciling items (1) include our proportionate share of earnings from investments in associates attributable to each of the above-noted items, and (2) exclude the proportionate share of earnings (loss) of consolidated investments not held by us apportioned to each of the above-noted items.

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The following tables present each segment's results in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account our ownership in operations accounted for using the consolidation and equity method whereby we either control or exercise significant influence over the investment, respectively. These tables reconcile our proportionate results to our partnership's consolidated statements of operating results on a line by line basis by aggregating the components comprising the earnings from our investments in associates and reflecting the portion of each line item attributable to non-controlling interests. See "Discussion of Segment Reconciling Items" on page 108 for a reconciliation of segment results to our statement of operating results in accordance with IFRS.

FOR THE YEAR ENDED DECEMBER 31, 2016 US$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials on F-6[1]
	Utilities	Transport	Energy	Comm. Infrastructure	Other	Total			
Revenues	$ 684	$ 1,247	$ 496	$ 163	$ —	$ 2,590	$ (1,311)	$ 836	$ 2,115
Costs attributed to revenues	(160)	(650)	(220)	(72)	—	(1,102)	651	(612)	(1,063)
General and administrative costs	—	—	—	—	(166)	(166)	—	—	(166)
Adjusted EBITDA	524	597	276	91	(166)	1,322	(660)	224	
Other income (expense)	5	(17)	8	(2)	84	78	16	1	95
Interest expense	(130)	(157)	(109)	(12)	(48)	(456)	190	(126)	(392)
FFO	399	423	175	77	(130)	944	(454)	99	
Depreciation and amortization	(154)	(253)	(128)	(74)	—	(609)	328	(166)	(447)
Deferred taxes	5	26	(38)	29	(17)	5	9	4	18
Mark-to-market on hedging items and other	(88)	10	81	(5)	136	134	(131)	117	120
Share of earnings from associates	—	—	—	—	—	—	248	—	248
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(54)	(54)
Net income (loss) attributable to partnership[2]	$ 162	$ 206	$ 90	$ 27	$ (11)	$ 474	$ —	$ —	$ 474

FOR THE YEAR ENDED DECEMBER 31, 2015 US$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials on F-6[1]
	Utilities	Transport	Energy	Comm. Infrastructure	Other	Total			
Revenues	$ 698	$ 1,143	$ 349	$ 123	$ —	$ 2,313	$ (1,044)	$ 586	$ 1,855
Costs attributed to revenues	(174)	(588)	(183)	(57)	—	(1,002)	546	(342)	(798)
General and administrative costs	—	—	—	—	(134)	(134)	—	—	(134)
Adjusted EBITDA	524	555	166	66	(134)	1,177	(498)	244	
Other income (expense)	5	(15)	3	—	34	27	13	(4)	36
Interest expense	(142)	(142)	(79)	(6)	(27)	(396)	144	(115)	(367)
FFO	387	398	90	60	(127)	808	(341)	125	
Depreciation and amortization	(153)	(217)	(90)	(46)	—	(506)	246	(115)	(375)
Deferred taxes	(8)	21	14	14	12	53	(41)	14	26
Mark-to-market on hedging items and other	(16)	(67)	(14)	(13)	53	(57)	67	66	76
Share of earnings from associates	—	—	—	—	—	—	69	—	69
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(90)	(90)
Net income (loss) attributable to partnership[2]	$ 210	$ 135	$ —	$ 15	$ (62)	$ 298	$ —	$ —	$ 298

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FOR THE YEAR ENDED DECEMBER 31, 2014 US$ MILLIONS	Total attributable to Brookfield Infrastructure					Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials on F-6[1]
	Utilities	Transport	Energy	Other	Total			
Revenues	$ 736	$ 1,238	$ 311	$ —	$ 2,285	$ (958)	$ 597	$ 1,924
Costs attributed to revenues	(217)	(639)	(172)	—	(1,028)	486	(304)	(846)
General and administrative costs	—	—	—	(115)	(115)	—	—	(115)
Adjusted EBITDA	519	599	139	(115)	1,142	(472)	293	
Other income (expense)	6	(34)	—	26	(2)	23	(10)	11
Interest expense	(158)	(173)	(71)	(14)	(416)	160	(106)	(362)
FFO	367	392	68	(103)	724	(289)	177	
Depreciation and amortization	(155)	(250)	(76)	—	(481)	212	(111)	(380)
Deferred taxes	(27)	8	5	16	2	(37)	(14)	(49)
Mark-to-market on hedging items and other	(31)	(47)	7	10	(61)	64	(7)	(4)
Share of earnings from associates	—	—	—	—	—	50	—	58
Income from discontinued operations, net of income tax	—	—	—	—	—	—	—	(8)
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	(45)	(45)
Net income (loss) attributable to partnership[2]	$ 154	$ 103	$ 4	$ (77)	$ 184	$ —	$ —	$ 184

(1) The above table provides each segment's results in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account our ownership in operations accounted for using the consolidation and equity methods under IFRS. The above table reconciles our proportionate results to our consolidated statements of operating results on a line by line basis by aggregating the components comprising the earnings from our investments in associates and reflecting the portion of each line item attributable to non-controlling interests.

(2) Net income (loss) attributable to our partnership includes net income (loss) attributable to non-controlling interests—Redeemable Partnership Units held by Brookfield, general partners and limited partners.

The following tables provide each segment's assets in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account our ownership in operations using consolidation and the equity method whereby we either control or exercise significant influence over the investment respectively. These tables reconcile our proportionate assets to total assets presented on our consolidated statements of financial position by removing net liabilities contained within investments in associates and reflecting the assets attributable to non-controlling interests, and adjusting for working capital assets which are netted against working capital liabilities.

AS AT DECEMBER 31, 2016 US$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials on F-4[1]
	Utilities	Transport	Energy	Comm. Infrastructure	Other	Brookfield Infrastructure				
Total assets	**$ 4,605**	**$ 6,160**	**$ 3,032**	**$ 933**	**$ (510)**	**$ 14,220**	**$ (2,996)**	**$ 6,496**	**$ 3,555**	**$ 21,275**

AS AT DECEMBER 31, 2015 US$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials on F-4[1]
	Utilities	Transport	Energy	Comm. Infrastructure	Other	Brookfield Infrastructure				
Total assets	$ 4,723	$ 5,338	$ 2,744	$ 824	$ (196)	$ 13,433	$ (3,795)	$ 4,298	$ 3,799	$ 17,735

(1) The above tables provide each segment's assets in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account our ownership in operations using consolidation and the equity method whereby we either control or exercise significant influence over the investment respectively. The above table reconciles our proportionate assets to total assets presented on our consolidated statements of financial position by removing net liabilities contained within investments in associates and reflecting the assets attributable to non-controlling interests, and adjusting for working capital assets which are netted against working capital liabilities.

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Discussion of Segment Reconciling Items

The following tables detail and provide discussion, where applicable, of material changes between reporting periods for each operating segment, the reconciliation of contributions from investments in associates and attribution of non-controlling interest in the determination of Adjusted EBITDA, FFO and net income attributable to our partnership in order to facilitate the understanding of the nature of and changes to reconciling items.

FOR THE YEAR ENDED DECEMBER 31, 2016 US$ MILLIONS	Utilities	Transport	Energy	Comm. Infrastructure	Other	Total
Adjustments to items comprising Adjusted EBITDA[1]						
Contributions from investment in associates	**$ (117)**	**$ (267)**	**$ (185)**	**$ (91)**	**$ —**	**$ (660)**
Attribution to non-controlling interest	**149**	**109**	**88**	**—**	**(122)**	**224**
Adjusted EBITDA	**32**	**(158)**	**(97)**	**(91)**	**(122)**	**(436)**
Adjustments to items comprising FFO[2]						
Contributions from investments in associates	**27**	**77**	**88**	**14**	**—**	**206**
Attribution to non-controlling interest	**(50)**	**(42)**	**(22)**	**—**	**(11)**	**(125)**
FFO	**9**	**(123)**	**(31)**	**(77)**	**(133)**	**(355)**
Adjustments to items comprising net income attributable to partnership[3]						
Contributions from investment in associates	**90**	**190**	**97**	**77**	**—**	**454**
Attribution to non-controlling interest	**(99)**	**(67)**	**(66)**	**—**	**133**	**(99)**
Net income attributable to partnership	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**	**$ —**

FOR THE YEAR ENDED DECEMBER 31, 2015 US$ MILLIONS	Utilities	Transport	Energy	Comm. Infrastructure	Other	Total
Adjustments to items comprising Adjusted EBITDA[1]						
Contributions from investment in associates	$ (115)	$ (224)	$ (93)	$ (66)	$ —	$ (498)
Attribution to non-controlling interest	162	63	51	—	(32)	244
Adjusted EBITDA	47	(161)	(42)	(66)	(32)	(254)
Adjustments to items comprising FFO[2]						
Contributions from investments in associates	25	62	63	7	—	157
Attribution to non-controlling interest	(56)	(32)	(22)	—	(9)	(119)
FFO	16	(131)	(1)	(59)	(41)	(216)
Adjustments to items comprising net income attributable to partnership[3]						
Contributions from investment in associates	90	162	30	59	—	341
Attribution to non-controlling interest	(106)	(31)	(29)	—	41	(125)
Net income attributable to partnership	$ —	$ —	$ —	$ —	$ —	$ —

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FOR THE YEAR ENDED DECEMBER 31, 2014 US$ MILLIONS	Utilities	Transport	Energy	Other	Total
Adjustments to items comprising Adjusted EBITDA[1]					
Contributions from investment in associates	$ (116)	$ (268)	$ (88)	$ —	$ (472)
Attribution to non-controlling interest	198	62	33	—	293
Adjusted EBITDA	82	(206)	(55)	—	(179)
Adjustments to items comprising FFO[2]					
Contributions from investments in associates	23	106	58	(4)	183
Attribution to non-controlling interest	(66)	(32)	(16)	(2)	(116)
FFO	39	(132)	(13)	(6)	(112)
Adjustments to items comprising net income attributable to partnership[3]					
Contributions from investment in associates	93	162	30	4	289
Attribution to non-controlling interest	(132)	(30)	(17)	2	(177)
Net income attributable to partnership	$ —	$ —	$ —	$ —	$ —

(1) Revenues, costs attributed to revenues, general and administrative costs.

(2) Other income, interest expense and current income taxes.

(3) Depreciation and amortization, deferred taxes, fair value adjustments, other expenses, share of earnings from associates, net income attributable to non-controlling interest.

2016 vs. 2015

Contributions from investments in associates and joint ventures increased compared to 2015 as additions to rate base and inflation indexation at our Chilean electricity transmission system along with contributions from the increased investment in our Brazilian toll road operation and our North American natural gas transmission operation were partially offset by the impact of foreign exchange associated with the depreciation of the Brazilian reais and Chilean peso.

Attribution to non-controlling interest decreased compared to 2015 as the Australian dollar, British pound and euro depreciated against the U.S. dollar relative to the prior year.

2015 vs. 2014

Contributions from investments in associates and joint ventures increased compared to 2014 as additions to rate base and inflation indexation at our South American transmission operation along with contributions from the acquisition of our Brazilian rail operation midway through the third quarter of 2014 and European telecommunications business in March 2015 were partially offset by the impact of foreign exchange associated with the depreciation of the Brazilian reais and Chilean peso.

Attribution to non-controlling interest decreased compared to 2014 as contributions from acquisitions completed over the past 12 months in our district energy and gas storage businesses were more than offset by the impact of foreign exchange and the sale of our New England electricity transmission system.

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5.B LIQUIDITY AND CAPITAL RESOURCES

The nature of our asset base and the quality of our associated cash flows enable us to maintain a stable and low cost capital structure. We attempt to maintain sufficient financial liquidity at all times so that we are able to participate in attractive opportunities as they arise, better withstand sudden adverse changes in economic circumstances and maintain a relatively high distribution of our FFO to unitholders. Our principal sources of liquidity are cash flows from our operations, undrawn credit facilities and access to public and private capital markets. We also structure the ownership of our assets to enhance our ability to monetize them to provide additional liquidity, if necessary. Certain subsidiaries may be subject to limitations on their ability to declare and pay dividends to our partnership. Any limitations existing at December 31, 2016 and 2015 were insignificant and would not adversely impact our ability to meet cash obligations.

Our group-wide liquidity at December 31, 2016 was $3,895 million and was comprised of the following:

	As of	
US$ MILLIONS	**December 31, 2016**	**December 31, 2015**
Corporate cash and cash equivalents	**$ 549**	$ 286
Committed corporate credit facility	**1,975**	1,875
Subordinate corporate credit facility	**500**	—
Draws under corporate credit facility	**—**	(407)
Commitments under corporate credit facility	**(46)**	(83)
Proportionate cash retained in businesses	**283**	257
Proportionate availability under subsidiary credit facilities	**634**	472
Group-wide liquidity	**$ 3,895**	$ 2,400

At December 31, 2016, we believe that the sources of group-wide liquidity are sufficient for Brookfield Infrastructure's present requirements. We finished the year with group-wide liquidity of approximately $3,895 million, up from $2,400 million at December 31, 2015 primarily as a result of capital raised during the year offset by funds deployed for acquisitions and growth capital expenditures. At the corporate level, we ended the year with $2,978 million of liquidity, an increase of $1,307 million compared to the prior year.

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We finance our assets principally at the operating company level with debt that generally has long-term maturities, few restrictive covenants and no recourse to either Brookfield Infrastructure or our other operations. On a proportionate basis as of December 31, 2016, scheduled principal repayments over the next five years are as follows:

US$ MILLIONS	Average Term (years)	2017	2018	2019	2020	2021	Beyond	Total
Recourse borrowings								
Corporate borrowings	3	$ 295	$ 93	$ —	$ 279	$ —	$ 335	**$ 1,002**
Total recourse borrowings	3	295	93	—	279	—	335	**1,002**
Non-recourse borrowings[1]								
Utilities								
Regulated Distribution	11	—	—	—	40	—	1,098	**1,138**
Electricity Transmission	12	31	4	5	4	4	679	**727**
Regulated Terminal	5	—	—	53	152	296	477	**978**
	9	31	4	58	196	300	2,254	**2,843**
Transport								
Rail	7	37	13	22	91	112	753	**1,028**
Toll Roads	9	228	108	114	81	58	701	**1,290**
Ports	5	60	20	95	172	57	65	**469**
	8	325	141	231	344	227	1,519	**2,787**
Energy								
Energy Transmission, Distribution & Storage	5	630	75	378	—	—	229	**1,312**
District Energy	11	38	2	2	2	—	156	**200**
	6	668	77	380	2	—	385	**1,512**
Communications Infrastructure								
Telecommunications Infrastructure	7	—	37	—	62	—	311	**410**
	7	—	37	—	62	—	311	**410**
Total non-recourse borrowings[1]	8	1,024	259	669	604	527	4,469	**7,552**
Total borrowings[2]	8	$ 1,319	$ 352	$ 669	$ 883	$ 527	$ 4,804	**$ 8,554**
Cash retained in businesses								
Utilities								**$ 45**
Transport								**176**
Energy								**44**
Communications Infrastructure								**18**
Corporate								**549**
Total cash retained								**$ 832**
Net debt								
Utilities								**$ 2,798**
Transport								**2,611**
Energy								**1,468**
Communications Infrastructure								**392**
Corporate								**453**
Total net debt								**$ 7,722**
Total net debt		**15%**	**4%**	**8%**	**10%**	**6%**	**57%**	**100%**

(1) Represents non-recourse debt to Brookfield Infrastructure as the holders have recourse only to the underlying operations.

(2) As of December 31, 2016, approximately 16% has been issued as floating rate debt. Brookfield Infrastructure and its subsidiaries have entered into interest rate swaps whereby the floating rate debt has been converted to fixed rate debt, effectively reducing floating rate debt maturities to approximately 15% of our total borrowings. Excluding working capital and capital expenditure facilities, floating rate debt maturities approximate 14% of our total borrowings, inclusive of the impact of interest rate swaps.

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Our debt has an average term of 8 years. On a proportionate basis, our net debt-to-capitalization ratio as of December 31, 2016 was 54%. The weighted average cash interest rate is 5.3% for the overall business (December 31, 2015: 5.8%), in which our utilities, transport, energy, communications infrastructure and corporate segments were 4.0%, 7.4%, 7.0%, 2.6% and 3.4%, respectively (December 31, 2015: 5.3%, 6.6%, 6.9%, 2.1% and 3.2%, respectively).

Proportionate debt can be reconciled to consolidated debt as follows:

	As of December 31	
US$ MILLIONS	2016	2015
Consolidated debt	**$ 8,236**	$ 7,232
Add: proportionate share of debt of investments in associates:		
Utilities	**727**	643
Transport	**1,083**	764
Energy	**1,146**	1,462
Communications Infrastructure	**410**	423
Add: proportionate share of debt directly associated with assets held for sale		206
Less: borrowings attributable to non-controlling interest	**(2,619)**	(1,662)
Premium on debt and cross currency swaps	**(429)**	(471)
Proportionate debt	**$ 8,554**	$ 8,597

FINANCIAL INSTRUMENTS

Foreign Currency Hedging Strategy

To the extent that we believe it is economic to do so, our strategy is to hedge a portion of our equity investments and/or cash flows exposed to foreign currencies. The following key principles form the basis of our foreign currency hedging strategy:

- We leverage any natural hedges that may exist within our operations
- We utilize local currency debt financing to the extent possible
- We may utilize derivative contracts to the extent that natural hedges are insufficient

The following table presents our hedged position in foreign currencies as of December 31, 2016:

	Net Investment Hedges									
US$ MILLIONS	USD	AUD	GBP	BRL	CLP	CAD	EUR	COP	PEN	INR
Equity Investment—US$	$ 1,476	$ 1,532	$ 1,019	$ 1,724	$ 95	$ (288)	$ 725	$ 64	$ 114	$ 37
FX contracts—US$	3,251	(1,532)	(1,019)	—	—	(87)	(613)	—	—	—
Net unhedged—US$	$ 4,727	$ —	$ —	$ 1,724	$ 95	$ (375)	$ 112	$ 64	$ 114	$ 37
% of equity investment hedged	N/A	100%	100%	—%	—%	N/A	85%	—%	—%	—%

At December 31, 2016, we had hedges in place to convert a total of 73% of our net equity investment to U.S. dollars. For the 12 months ended December 31, 2016, we recorded gains in other comprehensive income of $169 million related to these contracts (2015: $89 million).

For additional information, see Note 6, "Fair Value of Financial Instruments", Note 33, "Derivative Financial Instruments" and Note 34, "Financial Risk Management" in our financial statements included in this annual report on Form 20-F.

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OTHER MARKET RISKS

Inflation Risk

Certain of our subsidiaries and associates are subject to inflation risk. Most significantly, our South American electricity transmission operations and a portion of our toll road operations in Chile are subject to inflation risk as these debt portfolios are denominated in Unidad de Fomento which is an inflation indexed Chilean peso monetary unit that is set daily, on the basis of the prior month's inflation rate. However, we believe this is offset by the nature of our revenues which are in large part indexed to Chilean inflation.

Commodity Risk

Some of our operations are critically linked to the transport or production of key commodities. For example, in the long-term, our Australian regulated terminal operation relies on demand for coal exports, our Australian rail operation relies on demand for iron ore exports and our North American natural gas transmission operation relies on demand for natural gas and benefits from higher gas prices. While we endeavour to protect against short to medium term commodity demand risk wherever possible by structuring our contracts in a way that minimizes volume risk (e.g. minimum guaranteed volumes and 'take-or-pay' arrangements), these contract terms are not always able to be achieved and in any event the contract terms are finite and may include suspension or termination rights in favour of the customer. Accordingly, a long-term and sustained downturn in the demand for or price of a key commodity linked to one of our operations may have a material adverse impact on the financial performance or growth prospects of that particular operation, notwithstanding the use of take-or-pay contracts wherever possible. See Item 4.B "Business Overview" for more information.

Revenues from our South American transmission operation are adjusted by a multi-factor inflation index that is designed to approximate changes in prices of the underlying components of the replacement cost of our transmission system. See Item 4.B "Business Overview". Due to the construction of the system, metals, such as aluminum, are a material percentage of replacement cost. Thus, changes in the price of these metals will impact our revenues.

CAPITAL REINVESTMENT

Our financing plan is to fund our recurring growth capital expenditures with cash flow generated by our operations, as well as debt financing that is sized to maintain our credit profile. To fund large scale development projects and acquisitions, we will evaluate a variety of capital sources including proceeds from selling non-core assets, equity and debt financing. We will seek to raise additional equity if we believe that we can earn returns on these investments in excess of the cost of the incremental equity.

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The following table highlights the sources and uses of cash for the year:

	Year ended December 31		
US$ MILLIONS	2016	2015	2014
Funds from operations (FFO)	**$ 944**	$ 808	$ 724
Maintenance capital expenditures	**(173)**	(136)	(131)
Funds available for distribution (AFFO)	**771**	672	593
Distributions paid	**(628)**	(546)	(448)
Funds available for reinvestment	**143**	126	145
Growth capital expenditures	**(843)**	(597)	(611)
Debt funding of growth capex	**460**	364	339
Asset level financings (repayments)	**33**	(243)	77
Disposals, net of new investments	**(159)**	(1,669)	(310)
(Repayments) draws on corporate credit facility	**(407)**	161	246
Partnership unit issuances, net of repurchases	**749**	889	—
Proceeds from debt issuance	**—**	738	—
Proceeds from preferred units issuance	**186**	189	—
Changes in working capital and other	**127**	(112)	(42)
Change in proportionate cash	**289**	(154)	(156)
Opening, proportionate cash	**543**	697	853
Closing, proportionate cash	**$ 832**	$ 543	$ 697

The following table presents the components of growth capital expenditures by operating segment:

	Year ended December 31		
US$ MILLIONS	2016	2015	2014
Growth capital expenditures by segment			
Utilities	**$ 428**	$ 258	$ 242
Transport	**319**	297	332
Energy	**67**	27	37
Communications Infrastructure	**29**	15	—
	$ 843	$ 597	$ 611

Growth capital expenditures for the year ended December 31, 2016 were $843 million, an increase of $246 million or 41% versus 2015. The increase in growth capital expenditures is associated with higher connections activity and the investment in our smart meter program at our U.K. regulated distribution business, increased ownership in our South American toll road business and capital deployed at our Australian district energy business. These items were partially offset by the depreciation of most foreign currencies in which we operate versus the U.S. dollar relative to the prior year.

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The following table presents the components of maintenance capital expenditures by operating segment:

US$ MILLIONS	Annual Estimated Maintenance Capex		Year ended December 31		
	Low	High	2016	2015	2014
Maintenance capital expenditures by segment					
Utilities	**$ 10**	**$ 15**	**$ 15**	$ 13	$ 14
Transport	**115**	**125**	**88**	72	80
Energy	**65**	**75**	**61**	45	37
Communications Infrastructure	**5**	**10**	**9**	6	—
	$ 195	**$ 225**	**$ 173**	$ 136	$ 131

We estimate annual maintenance capital expenditures to be $10-15 million, $115-125 million, $65-75 million, and $5-10 million for our utilities, transport, energy, and communication infrastructure segments, respectively, for a total range between $195-225 million.

PARTNERSHIP CAPITAL

Our partnership's capital structure is comprised of three classes of partnership units: our units, preferred units and general partnership units. Our units entitle the holder to their proportionate share of distributions. Preferred units entitle the holder to cumulative preferential cash distributions in accordance with their terms. General partnership units entitle the holder the right to govern our financial and operating policies. Our partnership controls the Holding LP, which in turn is the indirect shareholder of our operating entities, through a 70.2% managing general partner interest. As of December 31, 2016, Brookfield holds a 29.3% interest in the Holding LP through Redeemable Partnership Units and an additional 0.4% interest in the Holding LP through Special Limited Partner Units. The Redeemable Partnership Units, at the request of the holder, require the Holding LP to redeem all or a portion of the holder's units for cash in an amount equal to the market value of our units multiplied by the number of units to be redeemed. This right is subject to our partnership's right of first refusal which entitles it, at its sole discretion, to elect to acquire any Reedemable Partnership Unit so presented to the Holding LP in exchange for one of our partnership's units (subject to certain customary adjustments). Both the units issued by our partnership and the Redeemable Partnership Units issued by the Holding LP have the same economic attributes in all respects, except for the redemption right described above. The Redeemable Partnership Units participate in earnings and distributions on a per unit basis equivalent to the per unit participation of the units of our partnership. Our partnership reflects the Redeemable Partnership Units issued to Brookfield by the Holding LP as a separate component of non-controlling interest, within consolidated equity, as Brookfield Infrastructure can, at its sole discretion, elect to satisfy a redemption request by Brookfield of the Redeemable Partnership Units by issuing an equal number of units. Based on the number of units outstanding as of December 31, 2016, Brookfield's aggregate limited partnership interest in our partnership would be approximately 29.5%, if Brookfield fully exercised its redemption right and our partnership fully exercised its right of first refusal.

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Brookfield's 0.4% interest in the Holding LP through Special Limited Partner Units entitles it to incentive distribution rights which are based on the amount by which quarterly distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed specified target levels. To the extent distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed $0.203 per quarter, the incentive distribution rights entitle Infrastructure Special LP to 15% of incremental distributions above this threshold. To the extent that distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed $0.22 per quarter, the incentive distribution rights entitle Infrastructure Special LP to 25% of incremental distributions above this threshold. During the year ended December 31, 2016, the Holding LP paid incentive distributions of $80 million (2015: $64 million, 2014: $44 million). Infrastructure Special LP may elect to reinvest any of the incentive distributions from its Special Limited Partner Units in additional Redeemable Partnership Units.

On September 14, 2016, we completed a three-for-two split of our units by way of a subdivision of units, whereby unitholders received an additional one-half of a unit for each unit held, resulting in the issuance of approximately 115 million additional units. Any fractional units otherwise issuable to registered holders as a result of the Unit Split were rounded up to the nearest whole unit. Our preferred units were not affected by the Unit Split. The Managing General Partner Units, Special Limited Partner Units and Redeemable Partnership Units of the Holding LP were concurrently split to reflect the Unit Split. All historical per unit disclosures have been adjusted to effect for the change in units due to the Unit Split.

On November 8, 2016, we announced that we renewed our normal course issuer bid for outstanding units and our Class A Preferred Units. Under the normal course issuer bid, the board of directors of our General Partner authorized us to repurchase up to 5% of the issued and outstanding units, or 12,181,987 units, and up to 10% of the public float of each series of the Class A Preferred Units that were issued and outstanding. Repurchases were authorized to commence on November 10, 2016 and will terminate on November 9, 2017, or earlier should we complete our repurchases prior to such date. All purchases will be made through the facilities of the TSX or the NYSE, and all units and Class A Preferred Units acquired under the normal course issuer bid will be cancelled.

In December 2016, we issued approximately 15.6 million units at $32 per unit in public offerings in the U.S. and Canada. In total, $500 million of gross proceeds were raised through the issuance and $20 million in equity issuance costs were incurred. Concurrently, we issued 8.1 million Redeemable Partnership Units at the public offering price, net of commissions, to Brookfield in a private placement for additional proceeds of $250 million. After giving effect to the public offering and concurrent private placement to Brookfield, our partnership's ownership interest in the Holding LP decreased slightly from 70.5% to 70.2% without resulting in a loss of control. The difference between the proportionate amount by which the non-controlling interest in Holding LP was increased and the proceeds of the Redeemable Partnership Unit offering resulted in a gain of $16 million that was recognized directly in equity.

Our partnership has established a distribution reinvestment plan ("Plan"), that allows eligible holders of our units to purchase additional units by reinvesting their cash distributions. Under the Plan, units are acquired at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the NYSE for the five trading days immediately preceding the relevant distribution date. During the period, our partnership issued 791,183 units (2015: 266,127 units).

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The total number of partnership units in the Holding LP outstanding was comprised of the following:

	As of	
	December 31, 2016	**December 31, 2015**
Redeemable Partnership Units, held by Brookfield	**108,401,992**	100,262,992
Special Limited Partner Units	**1,600,410**	1,600,410
Managing General Partner Units	**259,450,045**	243,247,458
Total	**369,452,447**	345,110,860

During 2016 and 2015, our outstanding issued Redeemable Partnership Units changed as follows:

	2016		2015	
MILLIONS, EXCEPT UNIT INFORMATION	**Book Value**	**Units**	**Book Value**	**Units**
Outstanding at beginning of year	**$ 1,528**	**100,262,992**	$ 1,178	88,110,084
Units issued	**250**	**8,139,000**	350	12,152,908
Outstanding at end of year	**$ 1,778**	**108,401,992**	$ 1,528	100,262,992

During 2016 and 2015, our outstanding issued Special Limited Partner Units changed as follows:

	2016		2015	
MILLIONS, EXCEPT UNIT INFORMATION	**Book Value**	**Units**	**Book Value**	**Units**
Outstanding at beginning of year	**$ 19**	**1,600,410**	$ 19	1,600,410
Outstanding at end of year	**$ 19**	**1,600,410**	$ 19	1,600,410

During 2016 and 2015, our outstanding issued Managing General Partner Units changed as follows:

	2016		2015	
MILLIONS, EXCEPT UNIT INFORMATION	**Book Value**	**Units**	**Book Value**	**Units**
Outstanding at beginning of year	**$ 3,716**	**243,247,458**	$ 3,201	225,479,916
Units issued	**505**	**16,418,289**	582	20,268,845
Units purchased and cancelled	**(6)**	**(215,702)**	(67)	(2,501,303)
Outstanding at end of year	**$ 4,215**	**259,450,045**	$ 3,716	243,247,458

The total number of preferred partnership units in the Holding LP outstanding was comprised of the following:

	As of	
	December 31, 2016	**December 31, 2015**
Holding LP Series 1 Preferred Units	**5,000,000**	5,000,000
Holding LP Series 3 Preferred Units	**5,000,000**	5,000,000
Holding LP Series 5 Preferred Units	**10,000,000**	—
Total	**20,000,000**	10,000,000

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Our preferred units were not affected by the Unit Split.

During 2016 and 2015, our outstanding issued Preferred Units changed as follows:

	2016		2015	
MILLIONS, EXCEPT UNIT INFORMATION	Book Value	Units	Book Value	Units
Outstanding at beginning of year	**$ 189**	**10,000,000**	$ —	—
Units issued	**186**	**10,000,000**	189	10,000,000
Outstanding at end of year	**$ 375**	**20,000,000**	$ 189	10,000,000

In August 2016, our Limited Partnership Agreement was amended to create the Series 5 Preferred Units and Series 6 Preferred Units. The limited partnership agreement of the Holding LP was also amended to create the Holding LP Series 5 Preferred Units and Holding LP Series 6 Preferred Units with terms substantially mirroring the Series 5 Preferred Units and Series 6 Preferred Units, respectively. Our Partnership issued 10 million Series 5 Preferred Units at an offering price of C$25.00 per Series 5 Preferred Unit under its shelf registration in Canada and acquired 10 million Holding LP Series 5 Preferred Units at the offering price.

5.C RESEARCH AND DEVELOPMENT

Not applicable.

5.D TREND INFORMATION

We will seek to increase the cash flows from our operations through acquisitions and organic growth opportunities as described below. In particular, we focus on consortiums and partnerships where Brookfield has sufficient influence or control to deploy our operations oriented approach and Brookfield has a strong track record of leading such transactions, which provides the opportunity to expand cash flows through acquisitions. In addition, we have a substantial capital backlog to be commissioned in the next two to three years and we believe that notwithstanding increasing political uncertainty, most of our markets have favourable outlooks, which we believe provides an opportunity for increased organic growth in cash flows. Our beliefs as to the opportunities for our partnership to increase cash flows through acquisitions and organic growth are based on assumptions about our business and markets that management believes are reasonable in the circumstances. There can be no assurance as to growth in or cash flows, or capital deployed for acquisitions or organic growth. See page 4, "Forward-Looking Statements".

We believe our global scale and best-in-class operating groups provide us with a unique competitive advantage as we are able to efficiently allocate capital around the world toward those sectors and geographies where we see the greatest returns. We actively recycle assets on our balance sheet as they mature and reinvest the proceeds into higher yielding investment strategies, further enhancing returns.

Given the small amount of new infrastructure development that occurred over the last decade compared to the infrastructure requirements of the regions in which we operate, we see an opportunity to deploy significant capital in the near term in response to demand we are seeing in our major markets. Specifically, we plan to commission over $1 billion of our capital backlog over the next 12-18 months and continue the build-out of our gas and electricity transmission businesses in Brazil.

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Additionally, our strategy is to take a long-term perspective on the regions where the business has an established presence, and to invest further during periods of market weakness. Recently, we have taken a long-term view on Brazil by pursuing transactions involving a number of large-scale assets. In 2016, the focus was on executing transactions while the country was in a severe recession and lost its investment grade status. It is possible that a similar situation may be developing in Mexico. Due to the protectionist sentiment garnering considerable momentum in the U.S., the level of uncertainty and anxiety related to Mexico's future economic performance has not been worse in over 20 years. The peso has dropped to its lowest level since 1994 and the country's foreign direct investment is likely to slow down as capital sits on the sidelines. We believe that concerns over the country may overshoot and as a result, our business development efforts have increased to capitalize on opportunities that may arise.

In India, the government has made strides in making the operating and legal environments more investor friendly and the expected GDP growth rate over the foreseeable future is far in excess of many developed countries, making it an attractive market in invest in for the long-term.

To fund future growth, we will also be focused on executing the next phase of our capital recycling program. With the maturing profile of a number of our businesses, proceeds from asset sales are expected to generate between $1.5 billion and $2.0 billion over the next few years.

5.E OFF-BALANCE SHEET ARRANGEMENTS

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

We, on behalf of our subsidiaries, provide letters of credit, which include, but are not limited to, guarantees for debt service reserves, capital reserves, construction completion and performance. As at December 31, 2016, letters of credit issued by our subsidiaries amounted to $46 million (December 31, 2015: $83 million).

In the normal course of operations, we execute agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions and acquisitions, construction projects, capital projects, and sales and purchases of assets and services. We have also agreed to indemnify our directors and certain of our officers and employees. The nature of substantially all of the indemnification undertakings prevents us from making a reasonable estimate of the maximum potential amount that we could be required to pay third parties, as many of the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, we have made no significant payments under such indemnification agreements.

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5.F TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The table below outlines Brookfield Infrastructure's contractual obligations as at December 31, 2016:

December 31, 2016 US$ MILLIONS	Less than 1 year	1-2 years	2-5 years	5+ years	Total contractual cash flows
Accounts payable and other liabilities	$ 540	$ 34	$ 26	$ 186	$ 786
Corporate borrowing	295	93	279	335	1,002
Non-Recourse borrowing	286	233	1,708	5,109	7,336
Financial liabilities	229	29	49	74	381
Interest Expense:					
Corporate borrowing	40	29	64	14	147
Non-Recourse borrowing	361	342	871	1,450	3,024

In addition, pursuant to the Master Services Agreement, on a quarterly basis we pay a base management fee to Brookfield equal to 0.3125% (1.25% annually) of the market value of our partnership plus net recourse debt. This fee is estimated to be approximately $168 million per year based on our market capitalization and unit price as at December 31, 2016.

An integral part of our partnership's strategy is to participate with institutional investors in Brookfield-sponsored private infrastructure funds that target acquisitions that suit Brookfield Infrastructure's profile. In the normal course of business, our partnership has made commitments to Brookfield-sponsored private infrastructure funds to participate in these target acquisitions in the future, if and when identified.

5.G SAFE HARBOUR

See "Forward-Looking Statements" in the forepart of this Form 20-F.

ITEM 6. DIRECTORS AND SENIOR MANAGEMENT

6.A DIRECTORS AND SENIOR MANAGEMENT

Board of Directors of our General Partner

As required by law, our limited partnership agreement provides for the management and control of our partnership by a general partner rather than a board of directors and officers. Our General Partner serves as our partnership's general partner and has a board of directors. Our General Partner has sole responsibility and authority for the central management and control of our partnership, which is exercised through its board of directors in Bermuda.

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The following table presents certain information concerning the current board of directors of our General Partner as of the date of this annual report on Form 20-F:

Name and Municipality of Residence[1]	Age	Position	Principal Occupation
Derek Pannell[2] Saint John, Canada	70	Chair	Director
Jeffrey Blidner Toronto, Canada	68	Director	Senior Managing Partner of Brookfield Asset Management
William Cox Pembroke, Bermuda	54	Director	Business Executive
John Fees Lynchburg, Virginia	59	Director	Executive Chairman of BWXT
David Hamill[2,3] Ipswich, Qld, Australia	59	Director	Director
Arthur Jacobson, Jr.[2] Malibu, California	54	Director	Director
Rafael Miranda Robredo[2] Madrid, Spain	67	Director	Director
Anne Schaumburg[3] Short Hills, New Jersey	67	Director	Director
Danesh Varma[3] Kingston-Upon-Thames, England	67	Director	Chief Financial Officer, Anglesey Mining PLC, a mining company

(1) The business address for each of the directors is 73 Front Street, Hamilton, HM 12, Bermuda.

(2) Member of the nominating and governance committee. Arthur Jacobson is the chair of the nominating and governance committee.

(3) Member of the audit committee. Anne Schaumburg is the chair of the audit committee. Danesh Varma is our audit committee financial expert.

Set forth below is biographical information for our General Partner's current directors.

Derek Pannell. Derek has served as a director of our General Partner since June 15, 2007. Until April 2010, he was a Managing Partner of Brookfield Asset Management and prior to this he was the Chief Executive Officer of Noranda Inc. and Falconbridge Limited from June 2002 to October 2006. He also served as the President and Chief Operating Officer for Noranda Inc. between September 2001 and June 2002. Derek is a metallurgical engineer with over 42 years of experience in the mining and metals industry. He is former Chair of the Mining Association of Canada and board member of the International Council on Mining and Metals. Derek was a board member of Teck Resources Inc. until April 1, 2010 and African Barrick Gold until April 2013 and currently serves on the board of Agrium Inc. Derek is a professional engineer registered in Quebec and Peru and is an Associate of the Royal School of Mines and a Fellow of the Canadian Academy of Engineers. Derek holds a Bachelor of Science degree from Imperial College in London, England.

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Jeffrey Blidner. Jeffrey is a Senior Managing Partner of Brookfield Asset Management and is responsible for strategic planning and transaction execution. Jeffrey is also a director of a number of Brookfield companies in Europe and Canada, including Brookfield Asset Management Inc., Brookfield Property Partners L.P., Brookfield Renewable Energy Partners L.P. and, until 2016, Rouse Properties Inc. Prior to joining Brookfield in 2000, Jeffrey was a senior partner at a Canadian law firm. Jeffrey's practice focused on merchant banking transactions, public offerings, mergers and acquisitions, management buy-outs and private equity transactions. Jeffrey received his LLB from Osgoode Hall Law School and was called to the Bar in Ontario as a Gold Medalist.

William Cox. William joined as a director of our General Partners on November 3, 2016. He is the President and Chairman of Waterloo Properties in Bermuda; a fifth generation family owned business which operates real estate and retail investment companies in Bermuda. He has developed large scale, commercial projects in Bermuda and operates a successful group of retail operations. Will graduated from Saltus Grammar School, where he served as Chairman of the Board of Trustees and completed his education at Lynchburg College in Virginia.

John Fees. John joined as a director of our General Partner on April 22, 2013. He is the Executive Chairman of BWXT, having assumed this role after completing the spin-off of The Babcock & Wilcox Enterprises to its shareholders. John is a 37 year industry veteran of McDermott International and its derivative companies, having started his career in 1979 in The Babcock & Wilcox Company. While CEO of McDermott International, the Babcock & Wilcox parent, John led the company and board through the process of the spin-off and established McDermott International and The Babcock & Wilcox Company as two independent, public companies. John also led the Babcock & Wilcox board through the spin-off of its power generation business into a new company, carrying the Babcock & Wilcox name, with the remaining company being renamed BWXT. John holds a Masters of Engineering Administration from George Washington University and a Bachelor of Science, Industrial Engineering, from the University of Pittsburgh

David Hamill. David has served as a director of our General Partner since December 31, 2010. He is a professional director and brings significant management and strategic expertise to Brookfield Infrastructure. He was Treasurer of the State of Queensland in Australia from 1998 to 2001, Minister for Education from 1995 to 1996, and Minister for Transport and Minister Assisting the Premier on Economic and Trade Development from 1989 to 1995. David retired from the Queensland Parliament in February 2001. David holds a Bachelor of Arts (Honours) from the University of Queensland, a Master of Arts from Oxford University and a Doctorate of Philosophy from University of Queensland and is a fellow of the Chartered Institute of Transport and the Australian Institute of Company Directors.

Arthur Jacobson, Jr. Arthur has served as a director of our General Partner since November 27, 2007. He is a former Managing Director of Spear, Leeds Kellogg Specialists LLC (a division of Goldman Sachs Group Inc.) from 2001 to 2004. He was a partner of Benjamin Jacobson and Sons, LLC from 1987 to 2001. He was also a specialist on the NYSE for 16 years, from 1988 to 2004. Prior to that he was an account executive at Drexel Burnham Lambert Inc. from 1985 to 1987. Arthur holds a degree in business administration from the University of Southern California.

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Rafael Miranda Robredo. Rafael joined as a director of our General Partner on April 22, 2013. He is the Chairman of Acerinox S.A., Hispania Activos Inmobiliarios S.A., Honorary Chairman of Eurelectric (the European Electricity Association), Chairman of APD (Business Organization for Top Management Education), Chairman of the Social Council of Burgos University, from July 2009 until April 2015 Chairman of the Endesa Foundation and, until April 2013, a board member of Enersis, the company which manages all of Endesa's investments in Latin America. He joined Endesa, Spain's largest electric company in 1987 as managing director, and served as the company's CEO from 1997 to 2009, leading the business through a period of government deregulation of the electricity sector. Rafael has a Bachelor of Industrial Engineering from Comillas University, and a Master's degree in Management Science from the Industrial Organization E.O.I.

Anne Schaumburg. Anne has served as a director of our General Partner since November 3, 2008. She has been a member of the board of directors of NRG Energy, Inc., a power generation company listed on NYSE, since 2005. From 1984 until her retirement in 2002, Anne was with the Global Energy Group of Credit Suisse First Boston, where she last served as Managing Director. From 1979 to 1984, she was with the Utilities Group at Dean Witter Financial Services Group, where she last served as Managing Director. From 1971 to 1978, Anne was at First Boston Corporation in the Public Utilities Group. Anne is a graduate of the City University of New York.

Danesh Varma. Danesh has served as a director of our General Partner since June 15, 2007. He is the Chief Financial Officer and a director of Anglesey Mining PLC, Minco plc., and Conquest Resources Limited. He joined Minco plc and Conquest Resources Limited in 2006, and Anglesey Mining PLC in 2014. In addition to the above, Danesh joined Xterra Inc as their Chief Financial Officer in 2008. From 1999 to 2005, Danesh was a director at Dundee B Corp. Ltd. Prior to that, Danesh held a number of senior positions in the banking, corporate finance and accounting fields. Danesh holds a degree from Delhi University and is a Chartered Professional Accountant.

Additional Information About Directors and Officers

Until February 2011, CEO of the Service Provider, Mr. Sam Pollock was a director of Fraser Papers Inc. ("Fraser Papers") an integrated specialty paper company that produces a broad range of specialty packaging and printing papers. On June 28, 2009, Fraser Papers and its subsidiaries filed for creditor protection under the *Companies Creditors Arrangement Act* ("CCAA") in Canada and Chapter 15 of the U.S. Bankruptcy Code. In February 2011, the Ontario and Delaware courts overseeing these proceedings issued orders enabling the implementation of an amended plan of arrangement and compromise previously approved by Fraser Papers' creditors, which was completed in May 2011.

Director of our General Partner, Mr. Danesh Varma, has acted as a director of various corporations in several jurisdictions around the world. He was a director and officer of American Resource Corporation Limited when it became subject to a cease trade order by the Ontario Securities Commission in June 2004 for failure to file its audited annual financial statements for the year ended December 31, 2003 and the first quarter interim unaudited financial statements for the period ended March 31, 2004. The cease trade order was lifted in June 2008.

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Our Management

Our General Partner does not have any employees. Instead, members of Brookfield's senior management and other individuals from Brookfield Asset Management's global affiliates are drawn upon to fulfill the Service Provider's obligations to provide us with management services under our Master Services Agreement. Brookfield currently has approximately 63,000 operating employees and over 700 investment professionals, worldwide. The following table presents certain information concerning the core senior management team that is principally responsible for our operations and their positions with the Service Provider as of the date of this annual report on Form 20-F:

Name	Age	Years of Experience in relevant industry or role	Years at Brookfield	Current Position with the Service Provider
Jeffrey Blidner	68	40	15	Senior Managing Partner
Sam Pollock	50	27	22	Chief Executive Officer
Bahir Manios	38	15	12	Chief Financial Officer

Each of the members of this team has substantial deal origination and execution expertise, having put together numerous consortiums, partnerships and joint ventures for large complex transactions. Members of this team have also been integral in building and developing Brookfield's utilities, transport, energy and communications infrastructure operations. Set forth below is biographical information for Messrs. Pollock and Manios, however, for biographical information regarding Mr. Blidner see Item 6.A "Directors and Senior Management—Board of Directors of our General Partner":

Sam Pollock. Sam is a Senior Managing Partner of Brookfield Asset Management and Chief Executive Officer of the Service Provider. Sam has also been a director of TWC Enterprises since 2008. Since 2006, Sam has led Brookfield's expansion into the infrastructure sector and is responsible for the formulation and execution of the operating and investment strategy for Brookfield's infrastructure business. Sam joined Brookfield Asset Management in 1994 and, prior to his current role, was broadly responsible for Brookfield's investment initiatives acting as Brookfield Asset Management's Chief Investment Officer. Sam is a Chartered Professional Accountant and holds a business degree from Queen's University.

Bahir Manios. Bahir is a Managing Partner of Brookfield Asset Management and the Chief Financial Officer of the Service Provider, where he has overall responsibility for corporate finance, reporting, tax and treasury activities. Bahir joined Brookfield in 2004 and began his career at one of the big-four accounting firms, where he worked in the assurance and business advisory practice. A graduate of the School of Business and Economics at Wilfrid Laurier University, he is a member of the Canadian Institute of Chartered Accountants.

See also information contained in this annual report on Form 20-F under Item 6.C "Board Practices," Item 3.D "Risk Factors—Risks Relating to our Relationship with Brookfield," Item 6.A "Directors and Senior Management" and Item 7.B "Related Party Transactions."

Our Master Services Agreement

The Service Recipients have entered into a Master Services Agreement pursuant to which the Service Provider has agreed to provide or arrange for other service providers to provide management and administration services to our partnership and the other Service Recipients. The operating entities are not a party to the Master Services Agreement.

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The following is a summary of certain provisions of our Master Services Agreement and is qualified in its entirety by reference to all of the provisions of the agreement. Because this description is only a summary of the Master Services Agreement, it does not necessarily contain all of the information that you may find useful. We therefore urge you to review the Master Services Agreement in its entirety. Our Master Services Agreement is available electronically on the website of the SEC at www.sec.gov and is available to our unitholders and preferred unitholders as described under Item 10.C "Material Contracts" and Item 10.H "Documents on Display."

Appointment of the Service Provider and Services Rendered

Under our Master Services Agreement, the Service Recipients have appointed the Service Provider, as the service provider, to provide the following services, or arrange for their provision by an appropriate service provider:

- causing or supervising the carrying out of all day-to-day management, secretarial, accounting, banking, treasury, administrative, liaison, representative, regulatory and reporting functions and obligations;
- establishing and maintaining or supervising the establishment and maintenance of books and records;
- identifying, evaluating and recommending to the Service Recipients acquisitions or dispositions from time-to-time and, where requested to do so, assisting in negotiating the terms of such acquisitions or dispositions;
- recommending and, where requested to do so, assisting in the raising of funds whether by way of debt, equity or otherwise, including the preparation, review or distribution of any prospectus or offering memorandum in respect thereof and assisting with communications support in connection therewith;
- recommending to the Service Recipients suitable candidates to serve on the boards of directors or their equivalents of the operating entities;
- making recommendations with respect to the exercise of any voting rights to which the Service Recipients are entitled in respect of the operating entities;
- making recommendations with respect to the payment of dividends or other distributions by the Service Recipients, including distributions by our partnership to our unitholders;
- monitoring and/or oversight of the applicable Service Recipient's accountants, legal counsel and other accounting, financial or legal advisors and technical, commercial, marketing and other independent experts, and managing litigation in which a Service Recipient is sued or commencing litigation after consulting with, and subject to the approval of, the relevant board of directors or its equivalent;
- attending to all matters necessary for any reorganization, bankruptcy proceedings, dissolution or winding up of a Service Recipient, subject to approval by the relevant board of directors or its equivalent;
- supervising the timely calculation and payment of taxes payable, and the filing of all tax returns due, by each Service Recipient;
- causing the Service Recipients' annual consolidated financial statements and quarterly interim financial statements to be: (i) prepared in accordance with generally accepted accounting principles or other applicable accounting principles for review and audit at least to such extent and with such frequency as may be required by law or regulation; and (ii) submitted to the relevant board of directors or its equivalent for its prior approval;

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- making recommendations in relation to and effecting the entry into insurance of each Service Recipient's assets, together with other insurances against other risks, including directors and officers insurance as the relevant service provider and the relevant board of directors or its equivalent may from time to time agree;
- arranging for individuals to carry out the functions of principal executive, accounting and financial officers for our partnership only for purposes of applicable securities laws;
- providing individuals to act as senior officers of Service Recipients as agreed from time-to-time, subject to the approval of the relevant board of directors or its equivalent;
- advising the Service Recipients regarding the maintenance of compliance with applicable laws and other obligations; and
- providing all such other services as may from time-to-time be agreed with the Service Recipients that are reasonably related to the Service Recipient's day-to-day operations.

Notwithstanding the foregoing all investment advisory services (as defined in the Master Services Agreement) must be provided solely to the Holding LP.

The Service Provider's activities are subject to the supervision of the board of directors or equivalent governing body of our General Partner and of each of the other Service Recipients, as applicable. The relevant governing body remains responsible for all investment and divestment decisions made by the Service Recipient.

Any Service Provider may, from time to time, appoint an affiliate of Brookfield to act as a new Service Provider under our Master Services Agreement, effective upon the execution of a joinder agreement by the new Service Provider.

Management Fee

Pursuant to the Master Services Agreement, on a quarterly basis, we pay a base management fee, to the Service Provider equal to 0.3125% (1.25% annually) of the market value of our partnership. For purposes of calculating the base management fee, the market value of our partnership is equal to the aggregate value of all our outstanding units (assuming full conversion of Brookfield's limited partnership interests in Brookfield Infrastructure into units), preferred units and securities of the other Service Recipients that are not held by Brookfield Infrastructure, plus all outstanding third party debt with recourse to a Service Recipient, less all cash held by such entities.

The table below sets forth the management fees for the years ended December 31, 2016, 2015 and 2014, respectively.

	Year ended December 31		
MILLIONS	2016	2015	2014
Base management fee	**$ 158**	$ 126	$ 107

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To the extent that under any other arrangement we are obligated to pay a base management fee (directly or indirectly through an equivalent arrangement) to the Service Provider (or any affiliate) on a portion of our capital that is comparable to the base management fee, the base management fee payable for each quarter in respect thereof will be reduced on a dollar for dollar basis by our proportionate share of the comparable base management fee (or equivalent amount) under such other arrangement for that quarter. For example, in conjunction with the consortium arrangements in respect of our South American electricity transmission operations, we pay to Brookfield our pro rata share of base management fees paid by the consortium. Pursuant to the Master Services Agreement, the base management fees paid pursuant to the consortium arrangements are creditable against the management fee payable under the Master Services Agreement. The base management fee will not be reduced by the amount of any incentive distribution payable by any Service Recipient or operating entity to the Service Provider (or any other affiliate) (for which there is a separate credit mechanism under the Holding LP's limited partnership agreement), or any other fees that are payable by any operating entity to Brookfield for financial advisory, operations and maintenance, development, operations management and other services. See Item 7.B "Related Party Transactions—Other Services" and Item 7.B "Related Party Transactions—Incentive Distributions."

Reimbursement of Expenses and Certain Taxes

We also reimburse the Service Provider for any out-of-pocket fees, costs and expenses incurred in the provision of the management and administration services. However, the Service Recipients are not required to reimburse the Service Provider for the salaries and other remuneration of its management, personnel or support staff who carry out any services or functions for such Service Recipients or overhead for such persons.

The relevant Service Recipient is required to pay the Service Provider all other out-of-pocket fees, costs and expenses incurred in connection with the provision of the services including those of any third party and to reimburse the Service Provider for any such fees, costs and expenses. Such out-of-pocket fees, costs and expenses include, among other things, (i) fees, costs and expenses relating to any debt or equity financing; (ii) out-of-pocket fees, costs and expenses incurred in connection with the general administration of any Service Recipient; (iii) taxes, licenses and other statutory fees or penalties levied against or in respect of a Service Recipient; (iv) amounts owed under indemnification, contribution or similar arrangements; (v) fees, costs and expenses relating to our financial reporting, regulatory filings and investor relations and the fees, costs and expenses of agents, advisors and other persons who provide services to or on behalf of a Service Recipient; and (vi) any other fees, costs and expenses incurred by the Service Provider that are reasonably necessary for the performance by the Service Provider of its duties and functions under the Master Services Agreement.

In addition, the Service Recipients are required to pay all fees, costs and expenses incurred in connection with the investigation, acquisition, holding or disposal of any acquisition that is made or that is proposed to be made by us. Where the acquisition or proposed acquisition involves a joint acquisition that is made alongside one or more other persons, the Service Provider will be required to allocate such fees, costs and expenses in proportion to the notional amount of the acquisition made (or that would have been made in the case of an unconsummated acquisition) among all joint investors. Such additional fees, expenses and costs represent out-of-pocket costs associated with investment activities that are undertaken pursuant to the Master Services Agreement.

The Service Recipients are also required to pay or reimburse the Service Provider for all sales, use, value added, withholding or other taxes or customs duties or other governmental charges levied or imposed by reason of the Master Services Agreement or any agreement it contemplates, other than income taxes, corporation taxes, capital taxes or other similar taxes payable by the Service Provider, which are personal to the Service Provider.

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Termination

The Master Services Agreement has no fixed term. However, the Service Recipients may terminate the Master Services Agreement upon 30 days' prior written notice of termination from our General Partner to the Service Provider if any of the following occurs:

- the Service Provider defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm to the Service Recipients and the default continues unremedied for a period of 30 days after written notice of the breach is given to the Service Provider;
- the Service Provider engages in any act of fraud, misappropriation of funds or embezzlement against any Service Recipient that results in material harm to the Service Recipients;
- the Service Provider is grossly negligent in the performance of its duties under the agreement and such negligence results in material harm to the Service Recipients; or
- certain events relating to the bankruptcy or insolvency of the Service Provider.

The Service Recipients have no right to terminate for any other reason, including if the Service Provider or Brookfield experiences a change of control. Our General Partner may only terminate the Master Services Agreement on behalf of our partnership with the prior unanimous approval of our General Partner's independent directors.

Our Master Services Agreement expressly provides that the agreement may not be terminated by our General Partner due solely to the poor performance or the underperformance of any of our operations.

The Service Provider may terminate the Master Services Agreement upon 30 days' prior written notice of termination to our General Partner if any Service Recipient defaults in the performance or observance of any material term, condition or covenant contained in the agreement in a manner that results in material harm and the default continues unremedied for a period of 30 days after written notice of the breach is given to the Service Recipient. The Service Provider may also terminate the Master Services Agreement upon the occurrence of certain events relating to the bankruptcy or insolvency of our partnership.

If the Master Services Agreement is terminated, the Licensing Agreements, the Relationship Agreement and any of Brookfield's obligations under the Relationship Agreement would also terminate. See Item 7.B "Related Party Transactions—Relationship Agreement" and Item 3.D "Risk Factors—Risks Relating to Our Relationship with Brookfield."

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Indemnification and Limitations on Liability

Under the Master Services Agreement, the Service Provider has not assumed and will not assume any responsibility other than to provide or arrange for the provision of the services called for thereunder in good faith and will not be responsible for any action that the Service Recipients take in following or declining to follow the advice or recommendations of the Service Provider. The maximum amount of the aggregate liability of the Service Provider or any of its affiliates, or of any director, officer, employee, contractor, agent, advisor or other representative of the Service Provider or any of its affiliates, will be equal to the base management fee previously paid by the Service Recipients in the two most recent calendar years pursuant to the Master Services Agreement. The Service Recipients have also agreed to indemnify each of the Service Provider, Brookfield and their directors, officers, agents, members, partners, shareholders and employees to the fullest extent permitted by law from and against any claims, liabilities, losses, damages, costs or expenses (including legal fees) incurred by an indemnified person or threatened in connection with our respective businesses, investments and activities or in respect of or arising from the Master Services Agreement or the services provided by the Service Provider, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under the Master Services Agreement, to the fullest extent permitted by law, the indemnified persons will not be liable to the Service Recipients except for conduct that involved bad faith, fraud, willful misconduct, gross negligence or in the case of a criminal matter, action that the indemnified person knew to have been unlawful.

Outside Activities

Our Master Services Agreement does not prohibit the Service Provider or its affiliates from pursuing other business activities or providing services to third parties that compete directly or indirectly with us. For a description of related aspects of the relationship between Brookfield and the Service Recipients, see Item 7.B "Related Party Transactions—Relationship Agreement."

6.B COMPENSATION

Compensation

During the year ended December 31, 2016, our General Partner paid each of its directors $100,000 per year for serving on its board of directors and various board committees. Our General Partner during the year ended December 31, 2016 paid the chairperson of the board of directors $150,000 per year for serving as chairperson of its board of directors. Also during the year ended December 31, 2016 an additional amount of $20,000 was paid to the chairperson of the audit committee, making the audit committee chairperson's total remuneration for the 2016 fiscal year $120,000.

Our General Partner does not have any employees. Our partnership has entered into a Master Services Agreement with the Service Provider pursuant to which the Service Provider provides or arranges for other service providers to provide day-to-day management and administrative services for our partnership and the other Service Recipients. The fees payable under the Master Service Agreement are set forth under Item 6.A "Directors and Senior Management—Our Master Services Agreement—Management Fee." In addition, Brookfield is entitled to receive incentive distributions from the Holding LP described under Item 7.B "Related Party Transactions—Incentive Distributions."

Pursuant to the Master Service Agreement, members of Brookfield's senior management and other individuals from Brookfield's global affiliates are drawn upon to fulfill obligations under the Master Service Agreement. However, these individuals, including the Brookfield employees identified in the table under Item 6.A "Directors and Senior Management—Our Management," are not compensated by our partnership or our General Partner. Instead, they will continue to be compensated by Brookfield.

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6.C BOARD PRACTICES

Board Structure, Practices and Committees

The structure, practices and committees of our General Partner's board of directors, including matters relating to the size, independence and composition of the board of directors, the election and removal of directors, requirements relating to board action and the powers delegated to board committees, are governed by our General Partner's Bye-laws. Our General Partner's board of directors is responsible for exercising the management, control, power and authority of the General Partner except as required by applicable law or the Bye-laws of the General Partner. The following is a summary of certain provisions of those Bye-laws that affect our partnership's governance.

Size, Independence and Composition of the Board of Directors

Our General Partner's board of directors is currently set at nine directors. The board may consist of between three and 11 directors or such other number of directors as may be determined from time-to-time by a resolution of our General Partner's shareholders and subject to its Bye-laws. At least three directors and at least a majority of the directors holding office must be independent of our General Partner and Brookfield, as determined by the full board of directors using the standards for independence established by the NYSE.

If the death, resignation or removal of an independent director results in the board of directors consisting of less than a majority of independent directors, the vacancy must be filled promptly. Pending the filling of such vacancy, the board of directors may temporarily consist of less than a majority of independent directors and those directors who do not meet the standards for independence may continue to hold office. In addition, our General Partner's Bye-laws provide that not more than 50% of the directors (as a group) or the independent directors (as a group) may be residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

Election and Removal of Directors

Our General Partner's board of directors was appointed by its shareholders and each of its current directors will serve until the close of the next annual meeting of shareholders of our General Partner or his or her death, resignation or removal from office, whichever occurs first. Vacancies on the board of directors may be filled and additional directors may be added by a resolution of our General Partner's shareholders or a vote of the directors then in office. A director may be removed from office by a resolution duly passed by our General Partner's shareholders or, if the director has been absent without leave from three consecutive meetings of the board of directors, by a written resolution requesting resignation signed by all other directors then holding office. A director will be automatically removed from the board of directors if he or she becomes bankrupt, insolvent or suspends payments to his or her creditors or becomes prohibited by law from acting as a director.

Action by the Board of Directors

Our General Partner's board of directors may take action in a duly convened meeting at which a quorum is present or by a written resolution signed by all directors then holding office. Our General Partners' board of directors holds a minimum of four meetings per year. When action is to be taken at a meeting of the board of directors, the affirmative vote of a majority of the votes cast is required for any action to be taken.

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Transactions Requiring Approval by Independent Directors

Our General Partner's independent directors have approved a conflicts protocol which addresses the approval and other requirements for transactions in which there is greater potential for a conflict of interest to arise. These transactions include:

- the dissolution of our partnership;
- any material amendment to the Master Services Agreement, the Relationship Agreement, our Limited Partnership Agreement or the Holding LP's limited partnership agreement;
- any material service agreement or other arrangement pursuant to which Brookfield will be paid a fee, or other consideration other than any agreement or arrangement contemplated by the Master Services Agreement;
- acquisitions by us from, and dispositions by us to, Brookfield;
- determinations regarding the payment of fees under the Master Services Agreement in units of our partnership or the Holding LP or the deferral of incentive distributions under the Holding LP's limited partnership agreement;
- approval of the protocol governing the allocation of employees between our partnership and the Service Provider;
- any other material transaction involving us and Brookfield; and
- termination of, or any determinations regarding indemnification under, the Master Services Agreement.

Our conflicts protocol requires the transactions described above to be approved by a majority of our General Partner's independent directors. Pursuant to our conflicts protocol, independent directors may grant approvals for any of the transactions described above in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby. See Item 7.B "Related Party Transactions—Conflicts of Interest and Fiduciary Duties".

Transactions in which a Director has an Interest

A director who directly or indirectly has an interest in a contract, transaction or arrangement with our General Partner, our partnership or certain of our affiliates is required to disclose the nature of his or her interest to the full board of directors. Such disclosure may take the form of a general notice given to the board of directors to the effect that the director has an interest in a specified company or firm and is to be regarded as interested in any contract, transaction or arrangement which may after the date of the notice be made with that company or firm or its affiliates. A director may participate in any meeting called to discuss or any vote called to approve the transaction in which the director has an interest and any transaction approved by the board of directors will not be void or voidable solely because the director was present at or participates in the meeting in which the approval was given provided that the board of directors or a board committee authorizes the transaction in good faith after the director's interest has been disclosed or the transaction is fair to our General Partner and our partnership at the time it is approved.

Transactions Requiring Unitholder Approval

Unitholders have consent rights with respect to certain fundamental matters and on any other matters that require their approval in accordance with applicable securities laws and stock exchanges rules. See Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement".

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Service Contracts

There are no service contracts with directors that provide benefit upon termination of employment.

Director Unit Ownership Requirements

We believe that directors of the General Partner can better represent our unitholders if they have economic exposure to our partnership themselves. We expect that directors of the General Partner hold sufficient units such that the acquisition costs of units held by such directors is equal to at least two times their annual retainer, as determined by the board of directors of the General Partner from time to time. Directors of the General Partner are required to meet this requirement within five years of their date of appointment.

Audit Committee

Our General Partner's board of directors is required to establish and maintain at all times an audit committee that operates pursuant to a written charter. The audit committee is required to consist solely of independent directors and each member must be financially literate and there will be at least one member designated as an audit committee financial expert. Not more than 50% of the audit committee members may be directors who are residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time). The audit committee is responsible for assisting and advising our General Partner's board of directors with matters relating to:

- our accounting and financial reporting processes;
- the integrity and audits of our financial statements;
- our compliance with legal and regulatory requirements; and
- the qualifications, performance and independence of our independent accountants.

The audit committee is also responsible for engaging our independent accountants, reviewing the plans and results of each audit engagement with our independent accountants, approving professional services provided by our independent accountants, considering the range of audit and non-audit fees charged by our independent accountants and reviewing the adequacy of our internal accounting controls. The audit committee charter is available on our website at https://bip.brookfield.com/corporate-governance/governance-documents and is available upon written request from our Corporate Secretary, at 73 Front Street, Hamilton HM 12, Bermuda. See also Item 6.A "Directors and Senior Management".

Nominating and Governance Committee

Our General Partner's board of directors is required to establish and maintain at all times a nominating and governance committee that operates pursuant to a written charter. The nominating and governance committee is required to consist of a majority of independent directors and not more than 50% of the nominating and corporate governance committee members may be directors who are residents of any one jurisdiction (other than Bermuda and any other jurisdiction designated by the board of directors from time to time).

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The nominating and governance committee is responsible for approving the appointment by the sitting directors of a person to the office of director and for recommending a slate of nominees for election as directors by our General Partner's shareholders. The nominating and governance committee is also responsible for assisting and advising our General Partner's board of directors with respect to matters relating to the general operation of the board of directors, our partnership's governance, the governance of our General Partner and the performance of its board of directors and individual directors. Subsequent to dissolution of the compensation committee of the board of directors of the General Partner during the year ended December 31, 2013, the nominating and governance committee is also responsible for reviewing and making recommendations to the board of directors of the General Partner concerning the remuneration of directors and committee members and supervising any changes in the fees to be paid pursuant to the Master Services Agreement. The nominating and governance committee charter is available on our website at https://bip.brookfield.com/corporate-governance/governance-documents and is available upon written request from our Corporate Secretary, at 73 Front Street, Hamilton HM 12, Bermuda.

Indemnification and Limitations on Liability

Our Limited Partnership Agreement

Bermuda law permits the partnership agreement of a limited partnership, such as our partnership, to provide for the indemnification of a partner, the officers and directors of a partner and any other person against any and all claims and demands whatsoever, except to the extent that the indemnification may be held by the courts of Bermuda to be contrary to public policy, such as in instances of fraud, dishonesty and bad faith, or to the extent that Bermuda law prohibits indemnification against personal liability that may be imposed under specific provisions of Bermuda law. Bermuda law also permits a partnership to pay or reimburse an indemnified person's expenses in advance of a final disposition of a proceeding for which indemnification is sought. See Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement—Indemnification; Limitations on Liability" for a description of the indemnification arrangements in place under our Limited Partnership Agreement.

Our General Partner's Bye-laws

Bermuda law permits the Bye-laws of an exempted company, such as our General Partner, to provide for the indemnification of its officers, directors and shareholders and any other person designated by the company against any and all claims and demands whatsoever, except to the extent that the indemnification may be held by the courts of Bermuda to be contrary to public policy, such as in instances of fraud, dishonesty and bad faith, or to the extent that Bermuda law prohibits indemnification against personal liability that may be imposed under specific provisions of Bermuda law. Bermuda company law also permits an exempted company to pay or reimburse an indemnified person's expenses in advance of a final disposition of a proceeding for which indemnification is sought.

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Under our General Partner's Bye-laws, our General Partner is required to indemnify, to the fullest extent permitted by law, its affiliates, directors, officers, resident representative, shareholders and employees, any person who serves on a governing body of the Holding LP or any of its subsidiaries and certain others against any and all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with our partnership's investments and activities or in respect of or arising from their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under our General Partner's Bye-laws, (i) the liability of such persons has been limited to the fullest extent permitted by law and except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful; and (ii) any matter that is approved by the independent directors will not constitute a breach of any duties stated or implied by law or equity, including fiduciary duties. Our General Partner's Bye-laws require it to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

Insurance

Our partnership has obtained insurance coverage under which the directors of our General Partner are insured, subject to the limits of the policy, against certain losses arising from claims made against such directors by reason of any acts or omissions covered under the policy in their respective capacities as directors of our General Partner, including certain liabilities under securities laws.

Canadian Insider Reporting

Our partnership is not subject to Canadian insider reporting requirements due to its status as a "SEC Foreign Issuer" under Canadian securities laws. However, our partnership does not rely on the exemption that is available to it from the insider reporting requirements of Canadian securities laws.

6.D EMPLOYEES

Our partnership does not employ any of the individuals who carry out the management and other non-operational activities of our partnership. The personnel that carry out these activities are employees of Brookfield, and their services are provided to our partnership or for our benefit under our Master Services Agreement. For a discussion of the individuals from Brookfield's management team that are expected to be involved in our infrastructure business, see Item 6.A "Directors and Senior Management—Our Management."

6.E SHARE OWNERSHIP

Each of our directors and officers of our General Partner own less than one percent of our units. See also the information contained in this annual report on Form 20-F under Item 7.B "Related Party Transactions—Distribution Reinvestment Plan."

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ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A MAJOR SHAREHOLDERS

The following table presents information regarding the beneficial ownership of our units by each entity that we know beneficially owns more than 5% of our units as at December 31, 2016.

	Units Outstanding	
Name and Address	Units Owned[1]	Percentage[2]
Brookfield Asset Management Inc.	108,651,637[3]	29.5%[3]
Partners Limited	112,017,711[4]	30.4%[4]

(1) *Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. Units relating to securities currently exercisable or exercisable within 60 days of the date of this table are deemed outstanding for computing the percentage of the person holding such securities but are not deemed outstanding for computing the percentage of any other person.*

(2) *Except as set forth in footnotes(3) and (4) below, the percentages shown are based on 259,450,045 units outstanding as of December 31, 2016.*

(3) *Brookfield Asset Management may be deemed to be the beneficial owner of 108,651,637 of our units that it holds through wholly-owned subsidiaries, constituting approximately 29.5% of the issued and outstanding units, assuming that all of the Redeemable Partnership Units are exchanged for our units pursuant to the Redemption-Exchange Mechanism described in Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption-Exchange Mechanism." This amount includes 249,645 of our units beneficially held directly or indirectly by Brookfield Asset Management.*

(4) *Partners Limited is a corporation whose principal business mandate is to hold shares of Brookfield Asset Management, directly or indirectly, for the long-term. Partners Limited may be deemed to be the beneficial owner of 112,017,711 of our units, constituting approximately 30.4% of the issued and outstanding units, assuming that all of the Redeemable Partnership Units are exchanged for our units pursuant to the Redemption-Exchange Mechanism described in Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption-Exchange Mechanism." This amount includes 3,327,972 of our units beneficially held by Partners Value Investments LP and all of our units beneficially held by Brookfield Asset Management. Partners Limited may be deemed to have the power (together with each of Brookfield Asset Management and Partners Value Investments LP) to vote or direct the vote of the units beneficially owned by it or to dispose of such units other than 38,102 of our units with respect to which it has sole voting and investment power.*

Our major unitholders have the same voting rights as all other holders of our units.

As of December 31, 2016, 197,394 of our outstanding units were held by 906 holders of record in the United States, not including The Depository Trust Company ("DTC"). As of December 31, 2016, DTC was the holder of record of 120,821,643 units.

7.B RELATED PARTY TRANSACTIONS

We are an affiliate of Brookfield. We have entered into a number of agreements and arrangements with Brookfield in order to enable us to be established as a separate entity and pursue our vision of being a leading owner and operator of high quality infrastructure assets. While we believe that this ongoing relationship with Brookfield provides us with a strong competitive advantage as well as access to opportunities that would otherwise not be available to us, we operate very differently from an independent, stand-alone entity. We describe below these relationships as well as potential conflicts of interest (and the methods for resolving them) and other material considerations arising from our relationship with Brookfield.

See also the information contained in this annual report on Form 20-F under Item 3.D "Risk Factors—Risks Relating to our Relationship with Brookfield," Item 4.C "Organizational Structure," Item 6.A "Directors and Senior Management" and Item 7.A "Major Shareholders."

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Syndication of Our NTS Commitment from Brookfield

In September 2016, alongside several of our institutional partners, we announced an agreement to acquire a 90% controlling stake in NTS, from Petrobras, for total consideration of $5.3 billion. Our expected investment commitment will be 30% of the total transaction, representing approximately $1.3 billion of the consideration payable on closing, with the remaining balance payable on the fifth anniversary of the closing. A portion of our commitment would be syndicated from Brookfield, reducing its commitment by a corresponding amount. See Item 4.B "Business Overview—Energy" for more information.

Relationship Agreement

Our partnership, the Holding LP, the Holding Entities, the Service Provider and Brookfield have entered into an agreement, referred to as the Relationship Agreement, that governs aspects of the relationship among them. Pursuant to the Relationship Agreement, Brookfield Asset Management has agreed that we serve as the primary (though not exclusive) vehicle through which Brookfield makes future infrastructure related acquisitions that are suitable for our strategy and objectives. Our acquisition strategy focuses on large scale transactions, for which we believe there is less competition and where Brookfield has sufficient influence or control so that our operations-oriented approach can be deployed to create value. Due to similar asset characteristics and capital requirements we believe that the infrastructure industry will evolve like the real estate industry in which assets are commonly owned through consortiums and partnerships of institutional equity investors and owner/operators such as ourselves. Accordingly, an integral part of our strategy is to participate with institutional investors in Brookfield-sponsored or co-sponsored consortiums for single asset acquisitions and as a partner in or alongside Brookfield-sponsored or co-sponsored partnerships that target acquisitions that suit our profile. Brookfield has a strong track record of leading such consortiums and partnerships and actively managing underlying assets to improve performance. Brookfield agreed that it will not sponsor such arrangements that are suitable for us in the infrastructure sector unless we are given an opportunity to participate.

Brookfield's commitment to us and our ability to take advantage of opportunities is subject to a number of inherent limitations such as our financial capacity, the suitability of the acquisition in terms of the underlying asset characteristics and its fit with our strategy, limitations arising from the tax and regulatory regimes that govern our affairs and certain other restrictions. See Item 3.D "Risk Factors—Risks Relating to Our Relationship with Brookfield." Under the terms of the Relationship Agreement, our partnership, the Holding LP and the Holding Entities acknowledge and agree that, subject to providing us the opportunity to participate on the basis described above, Brookfield (including its directors, officers, agents, members, partners, shareholders and employees) is able to pursue other business activities and provide services to third parties that compete directly or indirectly with us. In addition, Brookfield has established or advised, and may continue to establish or advise, other entities that rely on the diligence, skill and business contacts of Brookfield's professionals and the information and acquisition opportunities they generate during the normal course of their activities. Our partnership, the Holding LP and the Holding Entities acknowledge and agree that some of these entities may have objectives that overlap with our objectives or may acquire infrastructure assets or businesses that could be considered appropriate acquisitions for us, and that Brookfield may have greater financial incentives to assist those other entities over us. Due to the foregoing, we expect to compete from time-to-time with Brookfield or other third parties for access to the benefits that we expect to realize from Brookfield's involvement in our business.

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Since Brookfield has large, well established operations in real estate, timberlands and renewable power that are separate from us, Brookfield will not be obligated to provide us with any opportunities in these sectors. In addition, since Brookfield has granted an affiliate the right to act as the exclusive vehicle for Brookfield's timberland acquisitions in Eastern Canada and the Northeastern U.S., we will not be entitled to participate in timberland acquisitions in those geographic regions. Brookfield has also appointed an affiliate as its primary vehicle through which Brookfield will acquire renewable power assets on a global basis. In the event of the termination of the Master Services Agreement, the Relationship Agreement would also terminate, including Brookfield's commitments to provide us with acquisition opportunities, as described above.

Pursuant to the Relationship Agreement, Brookfield Asset Management has also agreed that any voting rights with respect to any operating entity that are held by entities over which it has control will be:

- voted in favour of the election of a director (or its equivalent) approved by the entity through which our interest in the relevant entity is held;
- withheld from voting for (or voted against, if applicable) the election of a director (or its equivalent) not approved by the entity through which our interest in the relevant entity is held; and
- voted in accordance with the direction of the entity through which our interest in the relevant entity is held with respect to the approval or rejection of the following matters relating to the operating entity, as applicable: (i) any sale of all or substantially all of its assets, (ii) any merger, amalgamation, consolidation, business combination or other material corporate transaction, except in connection with any internal reorganization that does not result in a change of control, (iii) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or any case, proceeding or action seeking relief under any existing laws or future laws relating to bankruptcy or insolvency, (iv) any issuance of shares, units or other securities, including debt securities, or (v) any commitment or agreement to do any of the foregoing.

For these purposes, the relevant entity may maintain, from time-to-time, an approved slate of nominees or provide direction with respect to the approval or rejection of any matter in the form of general guidelines, policies or procedures in which case no further approval or direction will be required. Any such general guidelines, policies or procedures may be modified by the relevant entity in its discretion.

Under the Relationship Agreement, our partnership, the Holding LP and the Holding Entities have agreed that none of Brookfield or the Service Provider, nor any director, officer, agent, member, partner, shareholder or employee of Brookfield or the Service Provider, will be liable to us for any claims, liabilities, losses, damages, costs or expenses (including legal fees) arising in connection with the business, investments and activities in respect of or arising from the Relationship Agreement. The maximum amount of the aggregate liability of Brookfield, or of any director, officer, employee, contractor, agent, advisor or other representative of Brookfield, will be equal to the amounts previously paid in the two most recent calendar years by the Service Recipients pursuant to the Master Services Agreement.

Voting Agreements

Our partnership has entered into voting agreements ("Voting Agreements") with Brookfield that permit our partnership (or our partnership's designated affiliates) to direct all eligible votes with respect to approving or rejecting certain fundamental matters involving certain of our operations managed or controlled by Brookfield-related entities.

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Pursuant to the Voting Agreements, Brookfield has agreed that any voting rights with respect to the entities that are the subject of the Voting Agreements will be voted in favour of the election of directors or officers (or their equivalent, if any) approved by our partnership (or our partnership's designated affiliates). In addition, Brookfield has agreed that it will exercise any voting rights that are the subject of the Voting Agreements at the direction of our partnership (or our partnership's designated affiliates) with respect to the following matters: (i) any sale of all or substantially all of its assets, (ii) any merger, amalgamation, consolidation, business combination or other material corporate transaction, except in connection with any internal reorganization that does not result in a change of control, (iii) any plan or proposal for a complete or partial liquidation or dissolution, or any reorganization or any case, proceeding or action seeking relief under any existing laws or future laws relating to bankruptcy or insolvency, (iv) any amendments to the applicable organizational documents, or (v) any commitment or agreement to do any of the foregoing. For these purposes, our partnership or our partnership's designated affiliates, as applicable, may maintain, from time-to-time, an approved slate of nominees or provide direction with respect to the approval or rejection of any matter in the form of general guidelines, policies or procedures in which case no further approval or direction will be required. Any such slate of nominees or general guidelines, policies or procedures may be modified by our partnership or our partnership's designated affiliates, as applicable, in their discretion.

Each Voting Agreement terminates (i) at such time that we cease to own any interest in the relevant entity, (ii) at such time that our General Partner (or its successors or permitted assigns) involuntarily ceases to be the general partner of our partnership, (iii) at such time that our partnership (or its successors or permitted assigns) involuntarily ceases to be the general partner of the Holding LP, (iv) at such time that the Infrastructure General Partner (or its successors or permitted assigns) involuntarily ceases to be the general partner of the Infrastructure Special LP, or (v) upon 30 days' notice given by our partnership. In addition, any party to a Voting Agreement is permitted to terminate the Voting Agreement at such time that such a party provides notice that it has reasonably determined that, as a result of applicable regulation and through no fault of its own, continued participation in the Voting Agreement would have a material adverse effect on such party. The termination of a Voting Agreement with respect to one or more entity will not affect the validity or enforceability of the Voting Agreements with respect to any other entity.

The Voting Agreements also contain restrictions on transfers of the shares that Brookfield has agreed to vote in accordance with the direction of our partnership with respect to the approval or rejection of the matters noted above.

Services Provided under Our Master Services Agreement

The Service Recipients have entered into the Master Services Agreement pursuant to which the Service Provider has agreed to provide or arrange for other service providers to provide management and administration services to our partnership and the other Service Recipients. For example, Samuel Pollock, in his capacity as the Chief Executive Officer of the Service Provider, and Bahir Manios, in his capacity as the Chief Financial Officer of the Service Provider, are the persons who perform the functions of our partnership's principal executive officer and principal financial officer, respectively. In exchange, the Service Provider is entitled to a base management fee. For a description of our Master Services Agreement, see Item 6.A "Directors and Senior Management—Our Master Services Agreement."

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Other Services

Brookfield may provide to the operating entities services which are outside the scope of the Master Services Agreement under arrangements that are on market terms and conditions and pursuant to which Brookfield will receive fees. The services provided under these arrangements include financial advisory, operations and maintenance, development, operations management and other services. Pursuant to our conflict of interest guidelines, those arrangements may require prior approval by a majority of the independent directors, which may be granted in the form of general guidelines, policies or procedures. See "—Conflicts of Interest and Fiduciary Duties."

Preferred Shares

Brookfield has provided an aggregate of $20 million of working capital to certain of our Holding Entities through a subscription for preferred shares of such Holding Entities. The preferred shares are entitled to receive a cumulative preferential dividend equal to 6% of their redemption value as and when declared by the board of directors of the applicable Holding Entity and are redeemable at the option of the Holding Entity, subject to certain limitations, at any time after the tenth anniversary of their issuance. Except for the preferred share of our primary U.S. Holding Entity, which is entitled to one vote, the preferred shares are not entitled to vote, except as required by law.

Redemption-Exchange Mechanism

One or more wholly-owned subsidiaries of Brookfield Asset Management that hold Redeemable Partnership Units (as hereinafter defined) have the right to require the Holding LP to redeem all or a portion of the Redeemable Partnership Units, subject to our partnership's right of first refusal, for cash in an amount equal to the market value of one of our units multiplied by the number of units to be redeemed (subject to certain adjustments). See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption-Exchange Mechanism." Taken together, the effect of the redemption right and the right of first refusal is that one or more wholly-owned subsidiaries of Brookfield Asset Management will receive our units, or the value of such units, at the election of our partnership. Should our partnership determine not to exercise its right of first refusal, cash required to fund a redemption of limited partnership interests of the Holding LP held by wholly-owned subsidiaries of Brookfield Asset Management will likely be financed by a public offering of our units.

Registration Rights Agreement

Our partnership has entered into a registration rights agreement with Brookfield pursuant to which our partnership has agreed that, upon the request of Brookfield, our partnership will file one or more registration statements to register for sale under the *United States Securities Act of 1933*, as amended, any of our units held by Brookfield (including our units acquired pursuant to the Redemption-Exchange Mechanism). In the registration rights agreement we have agreed to pay expenses in connection with such registration and sales and have indemnified Brookfield for material misstatements or omissions in the registration statement.

Incentive Distributions

Infrastructure Special LP is entitled to receive incentive distributions from the Holding LP as a result of its ownership of the Special Limited Partner Units. The incentive distributions are to be calculated in increments based on the amount by which quarterly distributions on the Holding LP's units (other than Holding LP Class A Preferred Units) exceed specified target levels as set forth in the Holding LP's limited partnership agreement. See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Distributions."

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The Infrastructure Special LP may, at its sole discretion, elect to reinvest incentive distributions in exchange for Redeemable Partnership Units.

To the extent that any Holding Entity or any operating entity pays to Brookfield any comparable performance or incentive distribution, the amount of any future incentive distributions will be reduced in an equitable manner to avoid duplication of distributions.

General Partner Distributions

Pursuant to our Limited Partnership Agreement, our General Partner is entitled to receive a general partner distribution equal to 0.01% of the total distributions on the units of our partnership. See Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement."

Special Limited Partner Distributions

Pursuant to the limited partnership agreement of the Holding LP, Infrastructure Special LP is also entitled to receive a special limited partner distribution from the Holding LP equal to a share of the total distributions of the Holding LP in proportion to Infrastructure Special LP's special limited partnership interest in the Holding LP which is equal to approximately 0.4% of the total distributions on the units of the Holding LP. See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Distributions." In addition, it is entitled to receive the incentive distributions described above under "—Incentive Distribution."

Distribution Reinvestment Plan

The Holding LP has a distribution reinvestment plan. Brookfield has advised our partnership that it may from time-to-time reinvest distributions it receives from the Holding LP in the Holding LP's distribution reinvestment plan. In addition, our partnership adopted a distribution reinvestment plan which became effective on June 29, 2010. The following is a summary description of the principal terms of our partnership's distribution reinvestment plan.

Pursuant to the distribution reinvestment plan, holders of our units may elect to have distributions paid on our units held by them automatically reinvested in additional units to be held for the account of the unitholder in accordance with the terms of the distribution reinvestment plan, provided that there are not any laws or governmental regulations in the unitholder's jurisdiction that may limit or prohibit participation and, in the case of DTC participants, where DTC permits participation by participants. Distributions to be reinvested in our units under the distribution reinvestment plan will be reduced by the amount of any applicable withholding tax.

Distributions due to plan participants are paid to the plan agent, for the benefit of the plan participants and, if a plan participant has elected to have his or her distributions automatically reinvested, applied, on behalf of such plan participant, to the purchase of additional units. Such purchases are made from our partnership on the distribution date at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the NYSE for the five trading days immediately preceding the date the relevant distribution is paid by our partnership ("Market Price").

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As soon as reasonably practicable after each distribution payment date, a statement of account is mailed to each participant setting out the amount of the relevant cash distribution reinvested, the applicable Market Price, the number of units purchased under the distribution reinvestment plan on the distribution payment date and the total number of units, computed to four decimal places, held for the account of the participant under the distribution reinvestment plan (or, in the case of DTC participants, DTC receives such statement on behalf of beneficial owners participating in the distribution reinvestment plan). While our partnership does not issue fractional units, a plan participant's entitlement to units purchased under the distribution reinvestment plan may include a fraction of a unit and such fractional units shall accumulate. A cash adjustment for any fractional units is paid by the plan agent upon the withdrawal from or termination by a plan participant of his or her participation in the distribution reinvestment plan or upon termination of the distribution reinvestment plan at price per unit calculated based upon the closing price of our units on the NYSE on the trading day immediately preceding such withdrawal or termination. A registered holder may, at any time, obtain unit certificates for any number of whole units held for the participant's account under the distribution reinvestment plan by notifying the plan agent. Certificates for units acquired under the distribution reinvestment plan are not issued to participants unless specifically requested. Prior to pledging, selling or otherwise transferring units held for a participant's account (except for sales of units through the plan agent), a registered holder must request that his or her units be electronically transferred to his or her brokerage account or a unit certificate be issued. The automatic reinvestment of distributions under the distribution reinvestment plan does not relieve participants of any income tax obligations applicable to such distributions. No brokerage commissions are payable in connection with the purchase of our units under the distribution reinvestment plan and all administrative costs are borne by our partnership.

Unitholders are able to terminate their participation in the distribution reinvestment plan by providing, or by causing to be provided, notice to the plan agent. Such notice, if actually received by the plan agent no later than five business days prior to a record date, will have effect in respect of the distribution to be made as of such date. Thereafter, distributions to such unitholders will be in cash. In addition, unitholders may request that all or part of their units be sold. When units are sold through the plan agent, a holder will receive the proceeds less a handling charge and any brokerage trading fees. Our partnership is able to amend, modify, suspend or terminate our distribution reinvestment plan, at any time, but such actions will have no retroactive effect that would prejudice a participant's interest. The plan agent will notify participants in writing of any amendments or modifications to our distribution reinvestment plan that in our partnership's opinion may materially prejudice participants.

Our partnership does not intend to reinvest distributions it receives from the Holding LP in the Holding LP's distribution reinvestment plan except to the extent that holders of our units elect to reinvest distributions pursuant to our distribution reinvestment plan. Brookfield has advised our partnership that it may from time-to-time reinvest distributions it receives from the Holding LP pursuant to the Holding LP's distribution reinvestment plan. The units of the Holding LP to be issued to Brookfield under the distribution reinvestment plan will become subject to the Redemption-Exchange Mechanism and may therefore result in Brookfield acquiring additional units of our partnership. See Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Redemption-Exchange Mechanism."

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Indemnification Arrangements

Subject to certain limitations, Brookfield and its directors, officers, agents, members, partners, shareholders and employees generally benefit from indemnification provisions and limitations on liability that are included in our Limited Partnership Agreement, our General Partner's Bye-laws, the Holding LP's limited partnership agreement, our Master Services Agreement and other arrangements with Brookfield. See Item 6.A "Directors and Senior Management—Our Master Services Agreement," Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement—Indemnification; Limitations of Liability" and Item 10.B "Memorandum and Articles of Association—Description of the Holding LP's Limited Partnership Agreement—Indemnification; Limitations of Liability."

Licensing Agreements

Our partnership and the Holding LP have each entered into a Licensing Agreement with Brookfield pursuant to which Brookfield has granted a non-exclusive, royalty-free license to use the name "Brookfield" and the Brookfield logo. Other than under this limited license, we do not have a legal right to the "Brookfield" name and the Brookfield logo in the United States and Canada.

We will be permitted to terminate the Licensing Agreements upon 30 days' prior written notice if Brookfield defaults in the performance of any material term, condition or agreement contained in the agreement and the default continues for a period of 30 days after written notice of termination of the breach is given to Brookfield. Brookfield may terminate the Licensing Agreements effective immediately upon termination of our Master Services Agreement or with respect to any licensee upon 30 days' prior written notice of termination if any of the following occurs:

- the licensee defaults in the performance of any material term, condition or agreement contained in the agreement and the default continues for a period of 30 days after written notice of termination of the breach is given to the licensee;
- the licensee assigns, sublicenses, pledges, mortgages or otherwise encumbers the intellectual property rights granted to it pursuant to the Licensing Agreement;
- certain events relating to a bankruptcy or insolvency of the licensee; or
- the licensee ceases to be an affiliate of Brookfield.

A termination of a Licensing Agreement with respect to one or more licensee will not affect the validity or enforceability of the agreement with respect to any other licensees.

Conflicts of Interest and Fiduciary Duties

Our organizational and ownership structure and strategy involve a number of relationships that may give rise to conflicts of interest between our partnership, our unitholders and preferred unitholders, on the one hand, and Brookfield, on the other hand. In particular, conflicts of interest could arise, among other reasons, because:

- in originating and recommending acquisition opportunities, Brookfield has significant discretion to determine the suitability of opportunities for us and to allocate such opportunities to us or to itself or third parties;
- because of the scale of typical infrastructure acquisitions and because our strategy includes completing acquisitions through consortium or partnership arrangements with pension funds and other financial sponsors, we will likely make co-investments with Brookfield and Brookfield-sponsored funds or Brookfield-sponsored or co-sponsored consortiums and partnerships, which typically will require that Brookfield owe fiduciary duties to the other partners or consortium members that it does not owe to us;

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- there may be circumstances where Brookfield will determine that an acquisition opportunity is not suitable for us because of limits arising due to regulatory or tax considerations or limits on our financial capacity or because of the immaturity of the target assets or the fit with our acquisition strategy and Brookfield is entitled to pursue the acquisition on its own behalf rather than offering us the opportunity to make the acquisition and, as a result, Brookfield may initially or ultimately make the acquisition;
- where Brookfield has made an acquisition, it may transfer it to us at a later date after the assets have been developed or we have obtained sufficient financing;
- our relationship with Brookfield involves a number of arrangements pursuant to which Brookfield provides various services and access to financing arrangements and acquisition opportunities, and circumstances may arise in which these arrangements will need to be amended or new arrangements will need to be entered into;
- our arrangements with Brookfield were negotiated in the context of the spin-off, which may have resulted in those arrangements containing terms that are less favourable than those which otherwise might have been obtained from unrelated parties;
- under the Holding LP's limited partnership agreement and the agreements governing the operating entities, Brookfield is generally entitled to share in the returns generated by our operations, which could create an incentive for it to assume greater risks when making decisions than they otherwise would in the absence of such arrangements;
- Brookfield is permitted to pursue other business activities and provide services to third parties that compete directly with our business and activities without providing us with an opportunity to participate, which could result in the allocation of Brookfield's resources, personnel and acquisition opportunities to others who compete with us;
- Brookfield does not owe our partnership or our unitholders and preferred unitholders any fiduciary duties, which may limit our recourse against it; and
- the liability of Brookfield is limited under our arrangements with them, and we have agreed to indemnify Brookfield against claims, liabilities, losses, damages, costs or expenses which they may face in connection with those arrangements, which may lead them to assume greater risks when making decisions than they otherwise would if such decisions were being made solely for their own account, or may give rise to legal claims for indemnification that are adverse to the interests of our unitholders and preferred unitholders.

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With respect to transactions in which there is greater potential for a conflict of interest to arise, our General Partner may be required to seek the prior approval of a majority of the independent directors pursuant to conflict of interest guidelines that have been approved by a majority of the independent directors. These transactions include (i) the dissolution of our partnership; (ii) any material amendment to the Master Services Agreement, the Relationship Agreement, our Limited Partnership Agreement or the Holding LP's limited partnership agreement; (iii) any material service agreement or other arrangement pursuant to which Brookfield will be paid a fee, or other consideration other than any agreement or arrangement contemplated by the Master Services Agreement; (iv) acquisitions by us from, and dispositions by us to, Brookfield; (v) any other transaction involving Brookfield; and (vi) termination of, or any determinations regarding indemnification under, the Master Services Agreement. Pursuant to our conflicts protocol, independent directors may grant prior approvals for any of these transactions in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby. In certain circumstances, these transactions may be related party transactions for the purposes of and subject to certain requirements of *Multilateral Instrument 61-101—Protection of Minority Security Holders in Special Transactions* ("MI 61-101") which in some situations requires minority shareholder approval and/or valuation for transactions with related parties. An exemption from such requirements is available when the fair market value of the transaction is not more than 25% of the market capitalization of the issuer. Our partnership has been granted exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, would permit it to be exempt from the minority approval and valuation requirements for transactions that would have a value of less than 25% of our partnership's market capitalization if Brookfield's indirect equity interest in our partnership was included in the calculation of our partnership's market capitalization. As a result, the 25% threshold above which the minority approval and valuation requirements would apply would be increased to include the approximately 29.5% indirect interest in our partnership in the form of Redeemable Partnership Units held by Brookfield.

We maintain a conflicts protocol to assist in the resolution of these potential or actual conflicts which states that conflicts be resolved based on the principles of transparency, independent validation and approvals. The policy recognizes the benefit to us of our relationship with Brookfield and our intent to pursue a strategy that seeks to maximize the benefits from this relationship. The policy also recognizes that the principal areas of potential application of the policy on an ongoing basis will be in connection with our acquisitions and our participation in Brookfield led consortia and partnership arrangements, together with any management or service arrangements entered into in connection therewith or the ongoing operations of the underlying operating entities.

In general, the policy provides that acquisitions that are carried out jointly by us and Brookfield, or in the context of a Brookfield led or co-led consortium or partnership be carried out on the basis that the consideration paid by us be no more, on a per share or proportionate basis, than the consideration paid by Brookfield or other participants, as applicable. The policy also provides that any fees or carried interest payable in respect of our proportionate investment, or in respect of an acquisition made solely by us, must be credited in the manner contemplated by our Master Services Agreement and the Holding LP's limited partnership agreement, where applicable, or that such fees or carried interest must either have been negotiated with another arm's length participant or otherwise demonstrated to be on market terms. The policy further provides that if the acquisition involves the purchase by us of an asset from Brookfield, or the participation in a transaction involving the purchase by us and Brookfield of different assets, that a fairness opinion or, in some circumstances, a valuation or appraisal by a qualified expert be obtained. These requirements provided for in the conflicts protocol are in addition to any disclosure, approval and valuation requirements that may arise under applicable law.

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Our Limited Partnership Agreement contains various provisions that modify the fiduciary duties that might otherwise be owed to our partnership, our unitholders and preferred unitholders including when conflicts of interest arise. Specifically, our limited partnership agreement states that no breach of our Limited Partnership Agreement or a breach of any duty, including fiduciary duties, may be found for any matter that has been approved by a majority of the independent directors of our General Partner. In addition, when resolving conflicts of interest, our limited partnership agreement does not impose any limitations on the discretion of the independent directors or the factors which they may consider in resolving any such conflicts. The independent directors of our General Partner can therefore take into account the interests of third parties, including Brookfield, when resolving conflicts of interest. Additionally, any fiduciary duty that is imposed under any applicable law or agreement is modified, waived or limited to the extent required to permit our General Partner to undertake any affirmative conduct or to make any decisions, so long as such action is reasonably believed to be in, or not inconsistent with, the best interests of our partnership.

Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any duty (statutory or otherwise) to act in the best interests of the Service Recipients, nor do they impose other duties that are fiduciary in nature. As a result, our General Partner, a wholly-owned subsidiary of Brookfield Asset Management, in its capacity as our general partner, has sole authority to enforce the terms of such agreements and to consent to any waiver, modification or amendment of their provisions, subject to approval by a majority of our independent directors in accordance with our conflicts protocol.

In addition, the Bermuda Limited Partnership Act, under which our partnership and the Holding LP were established, does not impose statutory fiduciary duties on a general partner of a limited partnership in the same manner that certain corporate statutes, such as the Canada Business Corporations Act, impose fiduciary duties on directors of a corporation. In general, under applicable Bermudian legislation, a general partner has a duty to: (i) act at all times in good faith; and (ii) subject to any express provisions of the partnership agreement to the contrary, act in the interests of the limited partnership. Applicable Bermuda legislation also provides that a general partner has certain limited duties to its limited partners, such as the duty to render accounts, account for private profits and not compete with the partnership in business. In addition, Bermudian common law recognizes that a general partner owes a duty of utmost good faith to its limited partners. These duties are, in most respects, similar to duties imposed on a general partner of a limited partnership under U.S. and Canadian law. However, to the extent that our General Partner owes any such fiduciary duties to our partnership, our unitholders and preferred unitholders, these duties have been modified pursuant to our Limited Partnership Agreement as a matter of contract law, with the exception of the duty of our General Partner to act in good faith, which cannot be modified. We have been advised by counsel that such modifications are not prohibited under Bermudian law, subject to typical qualifications as to enforceability of contractual provisions, such as the application of general equitable principles. This is similar to Delaware law which expressly permits modifications to the fiduciary duties owed to partners, other than an implied contractual covenant of good faith and fair dealing.

In addition, our Limited Partnership Agreement provides that our General Partner and its affiliates do not have any obligation under our Limited Partnership Agreement, or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to our partnership, the Holding LP, any Holding Entity or any other holding entity established by us. They also allow affiliates of our General Partner to engage in activities that may compete with us or our activities. Additionally, any failure by our General Partner to consent to any merger, consolidation or combination will not result in a breach of our Limited Partnership Agreement or any other provision of law. Our Limited Partnership Agreement prohibits our limited partners from advancing claims that otherwise might raise issues as to compliance with fiduciary duties or applicable law.

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These modifications to the fiduciary duties are detrimental to our unitholders and preferred unitholders because they restrict the remedies available for actions that might otherwise constitute a breach of fiduciary duty and permit conflicts of interest to be resolved in a manner that is not in the best interests of our partnership or the best interests of our unitholders and preferred unitholders. We believe it is necessary to modify the fiduciary duties that might otherwise be owed to us, our unitholders and preferred unitholders, as described above, due to our organizational and ownership structure and the potential conflicts of interest created thereby. Without modifying those duties, the ability of our General Partner to attract and retain experienced and capable directors and to take actions that we believe will be necessary for the carrying out of our business would be unduly limited due to their concern about potential liability. See Item 3.D "Risk Factors—Risks Relating to Our Relationship with Brookfield—Our Master Services Agreement and our other arrangements with Brookfield do not impose on Brookfield any fiduciary duties to act in the best interests of our unitholders or preferred unitholders."

Bermuda partnership legislation provides that, subject to any express provision of the partnership agreement to the contrary, a limited partner of a limited partnership in that capacity does not owe any fiduciary duty in exercising any of its rights or authorities or otherwise in performing any of its obligations under the partnership agreement to the limited partnership or any other partner. Our Limited Partnership Agreement imposes no such fiduciary duty.

Other Related Party Transactions

During December 2015, Brookfield Infrastructure entered into a $500 million revolving credit facility with Brookfield maturing on February 11, 2018 to provide additional liquidity for general corporate purposes and capital expenditures, if required. All obligations of Brookfield Infrastructure under the facility were guaranteed by our partnership. Loans under this facility accrued interest on LIBOR plus 2.00% and no commitment fees were incurred for any undrawn balance. As of December 31, 2016, there were no borrowings outstanding and no draws were made subsequent to year end.

Brookfield Infrastructure has placed funds on deposit with Brookfield. Interest earned on the deposits is at market terms. At December 31, 2016, Brookfield Infrastructure's deposit balance with Brookfield was approximately $255 million (December 31, 2015: less than $1 million) and earned interest of less than $1 million for year ended December 31, 2016 (2015: less than $1 million, 2014: less than $1 million).

An integral part of our partnership's strategy is to participate with institutional investors in Brookfield-sponsored infrastructure funds that target acquisitions that suit Brookfield Infrastructure's profile. In the normal course of business, our partnership has made commitments to Brookfield-sponsored infrastructure funds to fund these target acquisitions in the future, if and when identified.

7.C INTEREST OF EXPERTS AND COUNSEL

Not applicable.

ITEM 8. FINANCIAL INFORMATION

8.A CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION

See Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 18 "Financial Statements" for additional information required to be disclosed under this Item.

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8.B SIGNIFICANT CHANGES

See Item 3 "Key Information," Item 4 "Information on the Company," Item 5 "Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Condition and Results of Operation" for additional information.

ITEM 9. THE OFFER AND LISTING

9.A OFFER AND LISTING DETAILS (PRICE HISTORY)

The following table sets forth the annual high and low prices for our units on the NYSE for the past five years, which has been recast for all periods indicated to reflect the Unit Split completed on September 14, 2016:

	High	Low
Year ended December 31, 2012	$ 24.47	$ 18.65
Year ended December 31, 2013	$ 27.51	$ 22.79
Year ended December 31, 2014	$ 28.66	$ 23.81
Year ended December 31, 2015	$ 31.03	$ 24.50
Year ended December 31, 2016	$ 34.64	$ 21.39

The following table sets forth the quarterly high and low prices for our units on the NYSE for the two most recent full financial years, which has been recast for all periods indicated to reflect the Unit Split completed on September 14, 2016:

	High	Low
January 1, 2015 to March 31, 2015	$ 30.94	$ 27.93
April 1, 2015 to June 30, 2015	$ 31.03	$ 28.49
July 1, 2015 to September 30, 2015	$ 29.91	$ 24.50
October 1, 2015 to December 31, 2015	$ 28.28	$ 24.68
January 1, 2016 to March 31, 2016	$ 28.09	$ 21.39
April 1, 2016 to June 30, 2016	$ 30.17	$ 26.43
July 1, 2016 to September 30, 2016	$ 34.64	$ 30.37
October 1, 2016 to December 31, 2016	$ 34.57	$ 31.16

The following table sets forth the monthly high and low prices for our units on the NYSE for the most recent six months, which has been recast for all periods indicated to reflect the Unit Split completed on September 14, 2016:

	High	Low
September 1, 2016 to September 30, 2016	$ 34.64	$ 31.21
October 1, 2016 to October 31, 2016	$ 34.57	$ 33.16
November 1, 2016 to November 30, 2016	$ 33.98	$ 31.16
December 1, 2016 to December 31, 2016	$ 33.58	$ 31.86
January 1, 2017 to January 31, 2017	$ 35.81	$ 33.44
February 1, 2017 to February 28, 2017	$ 37.05	$ 34.61

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The following table sets forth the annual high and low prices for our units on the TSX for the past five years, in Canadian dollars, which has been recast for all periods indicated to reflect the Unit Split completed on September 14, 2016:

	High	Low
January 1, 2012 to December 31, 2012	$ 24.18	$ 18.75
January 1, 2013 to December 31, 2013	$ 28.72	$ 23.55
January 1, 2014 to December 31, 2014	$ 32.61	$ 26.33
January 1, 2015 to December 31, 2015	$ 38.73	$ 32.78
January 1, 2016 to December 31, 2016	$ 45.75	$ 30.81

The following table sets forth the quarterly high and low prices for our units on the TSX for the two most recent full financial years, in Canadian dollars, which has been recast for all periods indicated to reflect the Unit Split completed on September 14, 2016:

	High	Low
January 1, 2015 to March 31, 2015	$ 38.65	$ 32.89
April 1, 2015 to June 30, 2015	$ 38.73	$ 35.26
July 1, 2015 to September 30, 2015	$ 38.33	$ 32.78
October 1, 2015 to December 31, 2015	$ 37.64	$ 32.88
January 1, 2016 to March 31, 2016	$ 36.46	$ 30.81
April 1, 2016 to June 30, 2016	$ 38.97	$ 34.73
July 1, 2016 to September 30, 2016	$ 45.55	$ 39.39
October 1, 2016 to December 31, 2016	$ 45.75	$ 42.16

The following table sets forth the monthly high and low prices for our units on the TSX for the most recent six months, in Canadian dollars:, which has been recast for all periods indicated to reflect the Unit Split completed on September 14, 2016

	High	Low
September 1, 2016 to September 30, 2016	$ 45.55	$ 41.13
October 1, 2016 to October 31, 2016	$ 45.75	$ 43.83
November 1, 2016 to November 30, 2016	$ 45.36	$ 42.16
December 1, 2016 to December 31, 2016	$ 45.44	$ 42.41
January 1, 2017 to January 31, 2017	$ 47.29	$ 44.90
February 1, 2017 to February 28, 2017	$ 48.37	$ 45.02

Our units do not have a par value.

9.B PLAN OF DISTRIBUTION

Not applicable.

9.C MARKETS

Our units are listed on the NYSE under the symbol "BIP" and on the TSX under the symbol "BIP.UN". Our Series 1 Preferred Units, Series 3 Preferred Units, Series 5 Preferred Units and Series 7 Preferred Units are listed on the TSX under the symbols "BIP.PR.A", "BIP.PR.B", "BIP.PR.C" and "BIP.PR.D", respectively.

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9.D SELLING SHAREHOLDERS

Not applicable.

9.E DILUTION

Not applicable.

9.F EXPENSES OF THE ISSUE

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

10.A SHARE CAPITAL

Not applicable.

10.B MEMORANDUM AND ARTICLES OF ASSOCIATION

DESCRIPTION OF OUR UNITS, PREFERRED UNITS AND OUR LIMITED PARTNERSHIP AGREEMENT

The following is a description of the material terms of our units and our Limited Partnership Agreement and is qualified in its entirety by reference to all of the provisions of our Limited Partnership Agreement. Because this description is only a summary of the terms of our units and our Limited Partnership Agreement, it does not contain all of the information that you may find useful. For more complete information, you should read our Limited Partnership Agreement which is available electronically on the website of the Securities and Exchange Commission at www.sec.gov and our Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") profile at www.sedar.com and will be made available to our holders as described under Item 10.C "Material Contracts" and Item 10.H "Documents on display."

See also the information contained in this annual report on Form 20-F under Item 3.D "Risk Factors—Risk Relating to Our Relationship with Brookfield," Item 4.C "Organizational Structure," Item 6.A "Directors and Senior Management" and Item 7.B "Related Party Transactions."

Formation and Duration

Our partnership is a Bermuda exempted limited partnership registered under the Bermuda Limited Partnership Act and the Bermuda Exempted Partnerships Act. Our partnership has a perpetual existence and will continue as a limited liability partnership unless our partnership is terminated or dissolved in accordance with our Limited Partnership Agreement. Our partnership interests consist of our units and preferred units, which represent limited partnership interests in our partnership, and any additional partnership interests representing limited partnership interests that we may issue in the future as described below under "—Issuance of Additional Partnership Interests." In this description, references to "holders of our partnership interests", our "preferred unitholders" and our "unitholders" are to our limited partners and references to our limited partners include holders of our units and preferred units.

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Nature and Purpose

Under section 2.2 of our Limited Partnership Agreement, the purpose of our partnership is to: acquire and hold interests in the Holding LP and, subject to the approval of our General Partner, interests in any other entity; engage in any activity related to the capitalization and financing of our partnership's interests in such entities; serve as the managing general partner of the Holding LP; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by our General Partner and that lawfully may be conducted by a limited partnership organized under the Bermuda Limited Partnership Act, the Exempted Partnerships Act, and our Limited Partnership Agreement.

Holders of Units or Preferred Units

Our units and preferred units are limited partnership interests in our partnership. Holders of our units or preferred units are not entitled to the withdrawal or return of capital contributions in respect of our units or preferred units, except to the extent, if any, that distributions are made to such holders pursuant to our Limited Partnership Agreement or upon the liquidation of our partnership as described below under "—Liquidation and Distribution of Proceeds" or as otherwise required by applicable law. Except to the extent expressly provided in our Limited Partnership Agreement, a holder of our units or preferred units does not have priority over any other unitholder or preferred unitholder, either as to the return of capital contributions or as to profits, losses or distributions. Unitholders and preferred unitholders will not be granted any preemptive or other similar right to acquire additional interests in our partnership. In addition, unitholders and preferred unitholders do not have any right to have their units or preferred units redeemed by our partnership.

Our Preferred Units

The Class A Preferred Units rank senior to the units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of our partnership, whether voluntary or involuntary. Each series of Class A Preferred Units ranks on a parity with every other series of the Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of our partnership, whether voluntary or involuntary.

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The Series 1 Preferred Units are redeemable by our partnership on June 30, 2020 and on June 30 every five years thereafter for C$25.00 per Series 1 Preferred Unit, together with all accrued and unpaid distributions. Holders of the Series 1 Preferred Units will have the right, at their option, to reclassify their Series 1 Preferred Units into Series 2 Preferred Units, subject to certain conditions, on June 30, 2020 and on June 30 every five years thereafter. The Series 3 Preferred Units are redeemable by our partnership on December 31, 2020 and on December 31 every five years thereafter for C$25.00 per Series 3 Preferred Unit, together with all accrued and unpaid distributions. Holders of the Series 3 Preferred Units will have the right, at their option, to reclassify their Series 3 Preferred Units into Series 4 Preferred Units, subject to certain conditions, on December 31, 2020 and on December 31 every five years thereafter. The Series 5 Preferred Units are redeemable by our partnership on September 30, 2021 and on September 30 every five years thereafter for C$25.00 per Series 5 Preferred Unit, together with all accrued and unpaid distributions. Holders of the Series 5 Preferred Units will have the right, at their option, to reclassify their Series 5 Preferred Units into Series 6 Preferred Units, subject to certain conditions, on September 30, 2021 and on September 30 every five years thereafter. The Series 7 Preferred Units are redeemable by our partnership on March 31, 2022 and on March 31 every five years thereafter for C$25.00 per Series 7 Preferred Unit, together with all accrued and unpaid distributions. Holders of the Series 7 Preferred Units will have the right, at their option, to reclassify their Series 7 Preferred Units into Series 8 Preferred Units, subject to certain conditions, March 31, 2022 and on March 31 every five years thereafter. Our preferred units do not have a fixed maturity date and are not redeemable at the option of preferred unitholders.

Issuance of Additional Partnership Interests

Subject to the rights of the holders of Class A Preferred Units to approve issuances of additional partnership interests ranking senior to the Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of our partnership, whether voluntary or involuntary, our General Partner has broad rights to cause our partnership to issue additional partnership interests and may cause our partnership to issue additional partnership interests (including new classes of partnership interests and options, rights, warrants and appreciation rights relating to such interests) for any partnership purpose, at any time and on such terms and conditions as it may determine without the approval of any limited partners. Any additional partnership interests may be issued in one or more classes, or one or more series of classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership interests) as may be determined by our General Partner in its sole discretion, all without approval of our limited partners.

Investments in the Holding LP

If and to the extent that our partnership raises funds by way of the issuance of equity or debt securities, or otherwise, pursuant to a public offering, private placement or otherwise, an amount equal to the proceeds will be invested in the Holding LP, unless otherwise agreed by our partnership and the Holding LP.

Capital Contributions

Brookfield and our General Partner each contributed $1 to the capital of our partnership in order to form our partnership. Thereafter, Brookfield contributed to our partnership limited partnership interests of the Holding LP in exchange for Redeemable Partnership Units and our units, the latter of which was distributed by Brookfield Asset Management in the spin-off.

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Distributions

Subject to the rights of holders of Class A Preferred Units to receive cumulative preferential cash distributions in accordance with their terms, distributions to partners of our partnership will be made only as determined by our General Partner in its sole discretion. However, our General Partner will not be permitted to cause our partnership to make a distribution if it does not have sufficient cash on hand to make the distribution, the distribution would render it insolvent or if, in the opinion of our General Partner, the distribution would leave it with insufficient funds to meet any future or contingent obligations. In addition, our partnership will not be permitted to make a distribution on our units unless all accrued distributions have been paid in respect of the Class A Preferred Units and all other units of our partnership ranking prior to or on a parity with the Class A Preferred Units with respect to the payment of distributions.

Holders of the Series 1 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 4.50% annually for the initial period ending June 30, 2020. Thereafter, the distribution rate will be reset every five years at a rate equal to the 5-year Government of Canada bond yield plus 3.56%. Holders of Series 2 Preferred Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the 90-day Canadian Treasury Bill yield plus 3.56%. Holders of the Series 3 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.50% annually for the initial period ending December 31, 2020. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of: (i) the 5-year Government of Canada bond yield plus 4.53%, and (ii) 5.50%. Holders of Series 4 Preferred Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the 90-day Canadian Treasury Bill yield plus 4.53%. Holders of the Series 5 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.35% annually for the initial period ending September 30, 2021. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of: (i) the 5 year Government of Canada bond yield plus 4.64%, and (ii) 5.35%. Holders of Series 6 Preferred Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the 90 day Canadian Treasury Bill yield plus 4.64%. Holders of the Series 7 Preferred Units will be entitled to receive a cumulative quarterly fixed distribution at a rate of 5.00% annually for the initial period ending March 31, 2022. Thereafter, the distribution rate will be reset every five years at a rate equal to the greater of: (i) the 5 year Government of Canada bond yield plus 3.78%, and (ii) 5.00%. Holders of Series 8 Preferred Units will be entitled to receive a cumulative quarterly floating distribution at a rate equal to the 90 day Canadian Treasury Bill yield plus 3.78%. Subject to the terms of any preferred units outstanding at the time, any distributions from our partnership will be made to the limited partners holding units as to 99.99% and to our General Partner as to 0.01%. Distributions to holders of Class A Preferred Units in accordance with their terms rank higher in priority than distributions to holders of our units. Each holder of units or preferred units will receive a pro rata share of distributions made to all holders of units or preferred units, as applicable, in accordance with the proportion of all units or preferred units held by that holder. See Item 8.A "Consolidated Statements and Other Financial Information."

Allocations of Income and Losses

Net income and net loss for U.S. federal income tax purposes will be allocated for each taxable year or other relevant period among our partners (other than our partners holding preferred units) using a monthly, quarterly or other permissible convention pro rata on a per unit basis, except to the extent otherwise required by law or pursuant to tax elections made by our partnership. The source and character of items of income and loss so allocated to a partner of our partnership (other than a partner holding preferred units) will be the same source and character as the income earned or loss incurred by our partnership.

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The income for Canadian federal income tax purposes of our partnership for a given fiscal year of our partnership will be allocated to each partner in an amount calculated by multiplying such income by a fraction, the numerator of which is the sum of the distributions received by such partner with respect to such fiscal year and the denominator of which is the aggregate amount of the distributions made by our partnership to partners with respect to such fiscal year, provided that the numerator and denominator will not include any distributions on the preferred units that are in satisfaction of accrued distributions on the preferred units that were not paid in a previous fiscal year of our partnership where our General Partner determines that the inclusion of such distributions would result in a preferred unitholder being allocated more income than it would have been if the distributions were paid in the fiscal year of our partnership in which they were accrued. Generally, the source and character of items of income so allocated to a partner with respect to a fiscal year of our partnership will be the same source and character as the distributions received by such partner with respect to such fiscal year. To such end, any person who was a partner at any time during such fiscal year but who has disposed of all of their units (including any preferred units) before the last day of that fiscal year may be deemed to be a partner on the last day of such fiscal year for the purposes of subsection 96(1) of the Tax Act. Our General Partner may adjust allocations of items that would otherwise be made pursuant to the terms of our Limited Partnership Agreement to the extent necessary to avoid an adverse effect on our partnership's limited partners, subject to the approval of a committee of the board of directors of our General Partner made up of independent directors.

If, with respect to a given fiscal year, no distribution is made by our partnership or our partnership has a loss for Canadian federal income tax purposes, one quarter of the income or loss, as the case may be, for Canadian federal income tax purposes for such fiscal year, will be allocated to the partners of record at the end of each quarter ending in such fiscal year as follows: (i) to the preferred unitholders in respect of preferred units held by them on each such date, such amount of the income or the loss, as the case may be, for Canadian federal income tax purposes as our General Partner determines is reasonable in the circumstances having regard to such factors as our General Partner considers to be relevant, including, without limitation, the relative amount of capital contributed to our partnership on the issuance of preferred units as compared to all other units and the relative fair market value of the preferred units as compared to all other units, and (ii) to the partners, other than in respect of preferred units, the remaining amount of the income or the loss, as the case may be, for Canadian federal income tax purposes pro rata to their respective percentage interests on each such date.

Limited Liability

Assuming that a limited partner does not participate in the control or management of our partnership or conduct the affairs of, sign or execute documents for or otherwise bind our partnership within the meaning of the Bermuda Limited Partnership Act and otherwise acts in conformity with the provisions of our limited partnership agreement, such partner's liability under the Bermuda Limited Partnership Act and our limited partnership agreement will be limited to the amount of capital such partner is obligated to contribute to our partnership for its limited partner interest plus its share of any undistributed profits and assets, except as described below.

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If it were determined, however, that a limited partner was participating in the control or management of our partnership or conducting the affairs of, signing or executing documents for or otherwise binding our partnership (or purporting to do any of the foregoing) within the meaning of the Bermuda Limited Partnership Act or the Bermuda Exempted Partnerships Act, such limited partner would be liable as if it were a general partner of our partnership in respect of all debts of our partnership incurred while that limited partner was so acting or purporting to act. Neither our limited partnership agreement nor the Bermuda Limited Partnership Act specifically provides for legal recourse against our General Partner if a limited partner were to lose limited liability through any fault of our General Partner. While this does not mean that a limited partner could not seek legal recourse, we are not aware of any precedent for such a claim in Bermuda case law.

No Management or Control

Our partnership's limited partners, in their capacities as such, may not take part in the management or control of the activities and affairs of our partnership and do not have any right or authority to act for or to bind our partnership or to take part or interfere in the conduct or management of our partnership. Limited partners are not entitled to vote on matters relating to our partnership, although holders of units are entitled to consent to certain matters as described under "—Amendment of Our Limited Partnership Agreement," "—Opinion of Counsel and Limited Partner Approval," "—Merger, Sale or Other Disposition of Assets," and "—Withdrawal of Our General Partner" which may be effected only with the consent of the holders of the percentages of our outstanding units specified below. In addition, limited partners have consent rights with respect to certain fundamental matters and on any other matters that require their approval in accordance with applicable securities laws and stock exchange rules. Each unit shall entitle the holder thereof to one vote for the purposes of any approvals of holders of units. Except as otherwise provided by law or as set out in the provisions attached to any series of Class A Preferred Units and except for meetings of the holders of Class A Preferred Units as a class or meetings of the holders of a series thereof, the holders of a series of Class A Preferred Units are not entitled to receive notice of, attend, or vote at any meeting of holders of units, unless and until our partnership shall have failed to pay eight quarterly distributions in respect of such series of Class A Preferred Units, whether or not consecutive and whether or not such distributions have been declared and whether or not there are any monies of our partnership properly applicable to the payment of distributions. In the event of such non-payment, and for only so long as any such distributions remain in arrears, such holders will be entitled to receive notice of and to attend each meeting of holders of units (other than any meetings at which only holders of another specified class or series are entitled to vote) and such holders shall have the right, at any such meeting, to one vote for each such Class A Preferred Unit held. Upon payment of the entire amount of all such distributions in arrears, the voting rights of such holders of Class A Preferred Units shall forthwith cease (unless and until the same default shall again arise as described herein).

Meetings

Our General Partner may call special meetings of partners at a time and place outside of Canada determined by our General Partner on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. The limited partners do not have the ability to call a special meeting. Only holders of record on the date set by our General Partner (which may not be less than 10 days nor more than 60 days, before the meeting) are entitled to notice of any meeting.

Written consents may be solicited only by or on behalf of our General Partner. Any such consent solicitation may specify that any written consents must be returned to our partnership within the time period, which may not be less than 20 days, specified by our General Partner.

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For purposes of determining holders of partnership interests entitled to provide consents to any action described above, our General Partner may set a record date, which may be not less than 10 nor more than 60 days before the date by which record holders are requested in writing by our General Partner to provide such consents. Only those holders of partnership interests on the record date established by our General Partner will be entitled to provide consents with respect to matters as to which a consent right applies.

Amendment of Our Limited Partnership Agreement

Amendments to our Limited Partnership Agreement may be proposed only by or with the consent of our General Partner. To adopt a proposed amendment, other than the amendments that do not require limited partner approval discussed below, our General Partner must seek approval of a majority of our outstanding units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment.

Notwithstanding the above, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Class A Preferred Units as a class and any other approval to be given by the holders of the Class A Preferred Units may be (i) given by a resolution signed by the holders of Class A Preferred Units owning not less than the percentage of the Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the Class A Preferred Units at which all holders of the Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least $66^2/3\%$ of the votes cast at a meeting of holders of the Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of Class A Preferred Units as a class, each such holder shall be entitled to one vote in respect of each Class A Preferred Unit held.

Further, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to each series of Class A Preferred Units, as a series, and any other approval to be given by the holders of each series of Class A Preferred Units, as a series, may be (i) given by a resolution signed by the holders of the applicable series of Class A Preferred Units owning not less than the percentage of such series of Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the applicable series of Class A Preferred Units at which all holders of the applicable series of Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least $66^2/3\%$ of the votes cast at a meeting of holders of the applicable series of Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding applicable series of Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of the applicable series of Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of a series of Class A Preferred Units, as a series, each such holder shall be entitled to one vote in respect of the applicable Class A Preferred Unit held.

Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests may be approved by at least a majority of the type or class of partnership interests so affected; or

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- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by our partnership to our General Partner or any of its affiliates without the consent of our General Partner, which may be given or withheld in its sole discretion.

The provision of our Limited Partnership Agreement preventing the amendments having the effects described directly above can be amended upon the approval of the holders of at least 90% of the outstanding units.

No Limited Partner Approval

Subject to applicable law, our General Partner may generally make amendments to our limited partnership agreement without the approval of any limited partner to reflect:

- a change in the name of our partnership, the location of our partnership's registered office, or our partnership's registered agent;
- the admission, substitution or withdrawal of partners in accordance with our Limited Partnership Agreement;
- a change that our General Partner determines is necessary or appropriate for our partnership to qualify or to continue our partnership's qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any jurisdiction or to ensure that our partnership will not be treated as an association taxable as a corporation or otherwise taxed as an entity for tax purposes;
- an amendment that our General Partner determines to be necessary or appropriate to address certain changes in tax regulations, legislation or interpretation;
- an amendment that is necessary, in the opinion of our counsel, to prevent our partnership or our General Partner or its directors, officers, agents or trustees, from having a material risk of being in any manner being subjected to the provisions of the Investment Company Act or similar legislation in other jurisdictions;
- an amendment that our General Partner determines in its sole discretion to be necessary or appropriate for the creation, authorization or issuance of any class or series of partnership interests or options, rights, warrants or appreciation rights relating to partnership securities;
- any amendment expressly permitted in our Limited Partnership Agreement to be made by our General Partner acting alone;
- an amendment effected, necessitated or contemplated by an agreement of merger, consolidation or other combination agreement that has been approved under the terms of our Limited Partnership Agreement;
- any amendment that in the sole discretion of our General Partner is necessary or appropriate to reflect and account for the formation by our partnership of, or its investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by our Limited Partnership Agreement;
- a change in our partnership's fiscal year and related changes; or
- any other amendments substantially similar to any of the matters described directly above.

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In addition, our General Partner may make amendments to our Limited Partnership Agreement without the approval of any limited partner if those amendments, in the discretion of our General Partner:

- do not adversely affect our partnership's limited partners considered as a whole (including any particular class of partnership interests as compared to other classes of partnership interests) in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any governmental agency or judicial authority;
- are necessary or appropriate to facilitate the trading of our units or preferred units or to comply with any rule, regulation, guideline or requirement of any securities exchange on which our units or preferred units are or will be listed for trading;
- are necessary or appropriate for any action taken by our General Partner relating to splits or combinations of units or preferred units under the provisions of our Limited Partnership Agreement; or
- are required to effect the intent expressed in the provisions of our Limited Partnership Agreement or are otherwise contemplated by our Limited Partnership Agreement.

Opinion of Counsel and Limited Partner Approval

Our General Partner will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under "—No Limited Partner Approval" should occur. No other amendments to our limited partnership agreement will become effective without the approval of holders of at least 90% of our units, unless our partnership obtains an opinion of counsel to the effect that the amendment will not cause our partnership to be treated as an association taxable as a corporation or otherwise taxable as an entity for tax purposes (provided that for U.S. tax purposes our General Partner has not made the election described below under "—Election to be Treated as a Corporation") or affect the limited liability of any of our partnership's limited partners under the Bermuda Limited Partnership Act or the Bermuda Exempted Partnerships Act.

Subject to the terms of any preferred units outstanding, in addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will also require the approval of the holders of at least a majority of the outstanding partnership interests of the class so affected.

In addition, any amendment that reduces the voting percentage required to take any action must be approved by the affirmative vote of limited partners whose aggregate outstanding voting units constitute not less than the voting requirement sought to be reduced.

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Merger, Sale or Other Disposition of Assets

Any merger, consolidation or other combination of our partnership requires the prior approval of our General Partner who has no duty or obligation to provide any such approval. Our limited partnership agreement generally prohibits our General Partner, without the prior approval of the holders of a majority of our units, from causing our partnership to, among other things, sell, exchange or otherwise dispose of all or substantially all of our partnership's assets in a single transaction or a series of related transactions, including by way of merger, consolidation or other combination, or approving on our partnership's behalf the sale, exchange or other disposition of all or substantially all of the assets of our partnership's subsidiaries. However, our General Partner in its sole discretion may mortgage, pledge, hypothecate or grant a security interest in all or substantially all of our partnership's assets (including for the benefit of persons other than our partnership or our partnership's subsidiaries) without that approval. Our General Partner may also sell all or substantially all of our partnership's assets under any forced sale of any or all of our partnership's assets pursuant to the foreclosure or other realization upon those encumbrances without that approval.

If conditions specified in our Limited Partnership Agreement are satisfied, our General Partner may convert or merge our partnership into, or convey some or all of our partnership's assets to, a newly formed entity if the sole purpose of that merger or conveyance is to effect a mere change in our partnership's legal form into another limited liability entity. Holders of partnership interests are not entitled to dissenters' rights of appraisal under our Limited Partnership Agreement or the Bermuda Limited Partnership Act or the Bermuda Exempted Partnerships Act in the event of a merger or consolidation, a sale of substantially all of our assets or any other transaction or event.

Election to be Treated as a Corporation

If our General Partner determines that it is no longer in our partnership's best interests to continue as a partnership for U.S. federal income tax purposes, our General Partner may elect to treat our partnership as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

Termination and Dissolution

Our partnership will terminate upon the earlier to occur of (i) the date on which all of our partnership's assets have been disposed of or otherwise realized by our partnership and the proceeds of such disposals or realizations have been distributed to partners, (ii) the service of notice by our General Partner, with the special approval of a majority of its independent directors, that in its opinion the coming into force of any law, regulation or binding authority has or will render illegal or impracticable the continuation of our partnership, and (iii) at the election of our General Partner, if our partnership, as determined by our General Partner, is required to register as an "investment company" under the Investment Company Act or similar legislation in other jurisdictions.

Our partnership will be dissolved upon the withdrawal of our General Partner as the general partner of our partnership (unless Brookfield becomes the general partner as described in the following sentence or the withdrawal is effected in compliance with the provisions of our Limited Partnership Agreement that are described below under "—Withdrawal of Our General Partner") or the entry by a court of competent jurisdiction of a decree of judicial dissolution of our partnership or an order to wind up or liquidate our General Partner. Our partnership will be reconstituted and continue without dissolution if within 30 days of the date of dissolution (and so long as a notice of dissolution has not been filed with the Bermuda Monetary Authority), Brookfield executes a transfer deed pursuant to which it becomes the general partner and assumes the rights and undertakes the obligations of the general partner and our partnership receives an opinion of counsel that the admission of Brookfield as general partner will not result in the loss of the limited liability of any limited partner.

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Liquidation and Distribution of Proceeds

Upon our dissolution, unless our partnership is continued as a new limited partnership, the liquidator authorized to wind up our partnership's affairs will, acting with all of the powers of our General Partner that the liquidator deems necessary or appropriate in its judgment, liquidate our partnership's assets and apply the proceeds of the liquidation first, to discharge our partnership's liabilities as provided in our Limited Partnership Agreement and by law, second to holders of any Class A Preferred Units in accordance with the terms of such units and thereafter to the partners holding units pro rata according to the percentages of their respective partnership interests as of a record date selected by the liquidator. The liquidator may defer liquidation of our partnership's assets for a reasonable period of time or distribute assets to partners in kind if it determines that an immediate sale or distribution of all or some of our partnership's assets would be impractical or would cause undue loss to the partners.

Withdrawal of Our General Partner

Our General Partner may withdraw as general partner without first obtaining approval of our unitholders and preferred unitholders by giving 90 days' advance notice, and that withdrawal will not constitute a violation of our Limited Partnership Agreement.

Upon the withdrawal of our General Partner, the holders of a majority of the voting power of our outstanding units may select a successor to that withdrawing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions) cannot be obtained, our partnership will be dissolved, wound up and liquidated. See "—Termination and Dissolution" above.

In the event of withdrawal of a general partner where that withdrawal violates our Limited Partnership Agreement, a successor general partner will have the option to purchase the general partnership interest of the departing general partner for a cash payment equal to its fair market value. Under all other circumstances where a general partner withdraws, the departing general partner will have the option to require the successor general partner to purchase the general partnership interest of the departing general partner for a cash payment equal to its fair market value. In each case, this fair market value will be determined by agreement between the departing general partner and the successor general partner. If no agreement is reached within 30 days of the general partner's departure, an independent investment banking firm or other independent expert selected by the departing general partner and the successor general partner will determine the fair market value. If the departing general partner and the successor general partner cannot agree upon an expert within 45 days of the general partner's departure, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing general partner or the successor general partner, the departing general partner's general partnership interests will automatically convert into units pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

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Transfer of the General Partnership Interest

Our General Partner may transfer all or any part of its general partnership interests without first obtaining approval of any unitholder or preferred unitholder. As a condition of this transfer, the transferee must assume the rights and duties of our General Partner to whose interest that transferee has succeeded, agree to be bound by the provisions of our Limited Partnership Agreement and furnish an opinion of counsel regarding limited liability, tax matters, and the Investment Company Act (and similar legislation in other jurisdictions). Any transfer of the general partnership interest is subject to prior notice to and approval of the relevant Bermuda regulatory authorities. At any time, the members of our General Partner may sell or transfer all or part of their shares in our General Partner without the approval of the unitholders or preferred unitholders.

Partnership Name

If our General Partner ceases to be the general partner of our partnership and our new general partner is not an affiliate of Brookfield, our partnership will be required by our Limited Partnership Agreement to change the name of our partnership to a name that does not include "Brookfield" and which could not be capable of confusion in any way with such name. Our Limited Partnership Agreement explicitly provides that this obligation shall be enforceable and waivable by our General Partner notwithstanding that it may have ceased to be the general partner of our partnership.

Transactions with Interested Parties

Our General Partner, the Service Provider and their respective partners, members, shareholders, directors, officers, employees and shareholders, which we refer to as "interested parties," may become limited partners or beneficially interested in limited partners and may hold, dispose of or otherwise deal with our units or preferred units with the same rights they would have if our General Partner was not a party to our Limited Partnership Agreement. An interested party will not be liable to account either to other interested parties or to our partnership, our partnership's partners or any other persons for any profits or benefits made or derived by or in connection with any such transaction.

Our Limited Partnership Agreement permits an interested party to sell investments to, purchase assets from, vest assets in and enter into any contract, arrangement or transaction with our partnership, the Holding LP, any of the Holding Entities, any operating entity or any other holding vehicle established by our partnership and may be interested in any such contract, transaction or arrangement and shall not be liable to account either to our partnership, the Holding LP, any of the Holding Entities, any operating entity or any other holding vehicle established by our partnership or any other person in respect of any such contract, transaction or arrangement, or any benefits or profits made or derived therefrom, by virtue only of the relationship between the parties concerned, subject to any approval requirements that are contained in our conflicts protocol. See Item 7.B "Related Party Transactions—Conflicts of Interest and Fiduciary Duties."

Outside Activities of Our General Partner; Conflicts of Interest

Under our Limited Partnership Agreement, our General Partner is required to maintain as its sole activity the role of general partner of our partnership. Our General Partner is not permitted to engage in any activity or incur or guarantee any debts or liabilities except in connection with or incidental to its performance as general partner or incurring, guaranteeing, acquiring, owning or disposing of debt or equity securities of the Holding LP, a Holding Entity or any other holding vehicle established by our partnership.

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Our Limited Partnership Agreement provides that each person who is entitled to be indemnified by our partnership (other than our General Partner), as described below under "—Indemnification; Limitation on Liability," has the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description, irrespective of whether (i) such activities are similar to our affairs or activities or (ii) such affairs and activities directly compete with, or disfavour or exclude, our General Partner, our partnership, the Holding LP, any Holding Entity, any operating entity or any other holding vehicle established by our partnership. Such business interests, activities and engagements will be deemed not to constitute a breach of our Limited Partnership Agreement or any duties stated or implied by law or equity, including fiduciary duties, owed to any of our General Partner, our partnership, the Holding LP, any Holding Entity, any operating entity and any other holding vehicle established by our partnership (or any of their respective investors), and shall be deemed not to be a breach of our General Partner's fiduciary duties or any other obligation of any type whatsoever of our General Partner. None of our General Partner, our partnership, the Holding LP, any Holding Entity, any operating entity, any other holding vehicle established by our partnership or any other person shall have any rights by virtue of our Limited Partnership Agreement or the partnership relationship established thereby or otherwise in any business ventures of any person who is entitled to be indemnified by our partnership as described below under "—Indemnification; Limitation on Liability."

Our General Partner and the other indemnified persons described in the preceding paragraph do not have any obligation under our Limited Partnership Agreement or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to our partnership, the Holding LP, any Holding Entity, any operating entity or any other holding vehicle established by our partnership. These provisions will not affect any obligation of an indemnified person to present business or investment opportunities to our partnership, the Holding LP, any Holding Entity, any operating entity or any other holding vehicle established by our partnership pursuant to a separate written agreement between such persons.

Any conflicts of interest and potential conflicts of interest that are approved by a majority of our General Partner's independent directors from time-to-time will be deemed approved by all partners. Pursuant to our conflicts protocol, independent directors may grant approvals for any of the transactions described above in the form of general guidelines, policies or procedures in which case no further special approval will be required in connection with a particular transaction or matter permitted thereby. See Item 7.B "Related Party Transactions—Conflicts of Interest and Fiduciary Duties."

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Indemnification; Limitations on Liability

Under our Limited Partnership Agreement, our partnership is required to indemnify to the fullest extent permitted by law our General Partner, the Service Provider and any of their respective affiliates (and their respective officers, directors, agents, shareholders, partners, members and employees), any person who serves on a governing body of the Holding LP, a Holding Entity, operating entity or any other holding vehicle established by our partnership and any other person designated by our General Partner as an indemnified person, in each case, against all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with our investments and activities or by reason of their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under our Limited Partnership Agreement, (i) the liability of such persons has been limited to the fullest extent permitted by law, except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful and (ii) any matter that is approved by the independent directors of our General Partner will not constitute a breach of our Limited Partnership Agreement or any duties stated or implied by law or equity, including fiduciary duties. Our Limited Partnership Agreement requires us to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

Accounts, Reports and Other Information

Our partnership prepares its financial statements in accordance with IFRS. Our partnership's financial statements must be made publicly available together with a statement of the accounting policies used in their preparation, such information as may be required by applicable laws and regulations and such information as our General Partner deems appropriate. Our partnership's annual financial statements must be audited by an independent accountant firm of international standing and made publicly available within such period of time as is required to comply with applicable laws and regulations, including any rules of any applicable securities exchange. Our partnership's quarterly financial statements may be unaudited and are made available publicly as and within the time period required by applicable laws and regulations.

Our General Partner is also required to use commercially reasonable efforts to prepare and send to the limited partners of our partnership on an annual basis, additional information regarding our partnership, including Schedule K-1 (or equivalent) and information related to the passive foreign investment company status of any non-U.S. corporation that we control and, where reasonably possible, any other non-U.S. corporation in which we hold an interest. However, unitholders and preferred unitholders that do not ordinarily have U.S. federal tax filing requirements will not receive a Schedule K-1 and related information unless such unitholders and preferred unitholders request it within 60 days after the close of each calendar year. Our General Partner will, where reasonably possible, prepare and send information required by the non-U.S. limited partners of our partnership for U.S. federal income tax reporting purposes, including information related to investments in "U.S. real property interests," as that term is defined in Section 897 of the U.S. Internal Revenue Code. Our General Partner will also, where reasonably possible and applicable, prepare and send information required by limited partners of our partnership for Canadian federal income tax purposes.

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Governing Law; Submission to Jurisdiction

Our Limited Partnership Agreement is governed by and will be construed in accordance with the laws of Bermuda. Under our Limited Partnership Agreement, each of our partnership's partners (other than governmental entities prohibited from submitting to the jurisdiction of a particular jurisdiction) will submit to the non-exclusive jurisdiction of any court in Bermuda in any dispute, suit, action or proceeding arising out of or relating to our Limited Partnership Agreement. Each partner waives, to the fullest extent permitted by law, any immunity from jurisdiction of any such court or from any legal process therein and further waives, to the fullest extent permitted by law, any claim of inconvenient forum, improper venue or that any such court does not have jurisdiction over the partner. Any final judgment against a partner in any proceedings brought in a court in Bermuda will be conclusive and binding upon the partner and may be enforced in the courts of any other jurisdiction of which the partner is or may be subject, by suit upon such judgment. The foregoing submission to jurisdiction and waivers will survive the dissolution, liquidation, winding up and termination of our partnership.

Transfers of Units

We are not required to recognize any transfer of our units or preferred units until certificates, if any, evidencing such units are surrendered for registration of transfer. Each person to whom a unit or preferred unit is transferred (including any nominee holder or an agent or representative acquiring such unit for the account of another person) will be admitted to our partnership as a partner with respect to the unit or preferred unit so transferred subject to and in accordance with the terms of our Limited Partnership Agreement. Any transfer of a unit or preferred unit will not entitle the transferee to share in the profits and losses of our partnership, to receive distributions, to receive allocations of income, gain, loss, deduction or credit or any similar item or to any other rights to which the transferor was entitled until the transferee becomes a partner and a party to our Limited Partnership Agreement.

By accepting a unit or preferred unit for transfer in accordance with our Limited Partnership Agreement, each transferee will be deemed to have:

- executed our Limited Partnership Agreement and become bound by the terms thereof;
- granted an irrevocable power of attorney to our General Partner and any officer thereof to act as such partner's agent and attorney-in-fact to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices all (i) all agreements, certificates, documents and other instruments relating to the existence or qualification of our partnership as an exempted limited partnership (or a partnership in which the limited partners have limited liability) in Bermuda and in all jurisdictions in which our partnership may conduct activities and affairs or own property; any amendment, change, modification or restatement of our Limited Partnership Agreement, subject to the requirements of our Limited Partnership Agreement; the dissolution and liquidation of our partnership; the admission, withdrawal or removal of any partner of our partnership or any capital contribution of any partner of our partnership; the determination of the rights, preferences and privileges of any class or series of units or other partnership interests of our partnership, and to a merger or consolidation of our partnership; and (ii) subject to the requirements of our Limited Partnership Agreement, all ballots, consents, approvals, waivers, certificates, documents and other instruments necessary or appropriate, in the sole discretion of our General Partner or the liquidator of our partnership, to make, evidence, give, confirm or ratify any voting consent, approval, agreement or other action that is made or given by our partnership's partners or is consistent with the terms of our Limited Partnership Agreement or to effectuate the terms or intent of our Limited Partnership Agreement;
- made the consents and waivers contained in our Limited Partnership Agreement, including with respect to the approval of the transactions and agreements entered into in connection with our formation and the spin-off; and

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- ratified and confirmed all contracts, agreements, assignments and instruments entered into on behalf of the partnership in accordance with our Limited Partnership Agreement.

The transfer of any unit or preferred unit and the admission of any new partner to our partnership will not constitute any amendment to our Limited Partnership Agreement.

Transfer Agent and Registrar

Computershare Inc. in Canton, Massachusetts, U.S.A. and Computershare Investor Services Inc. in Toronto, Ontario, Canada have been appointed to act as transfer agent and registrar for the purpose of registering our units and Class A Preferred Units, respectively, and transfers of our units and Class A Preferred Units, respectively, as provided in our Limited Partnership Agreement.

Description of the Holding LP's Limited Partnership Agreement

The following is a description of the material terms of the Holding LP's limited partnership agreement, as amended, and is qualified in its entirety by reference to all of the provisions of such agreement, as amended from time to time. Holders of units in our partnership are not partners of the Holding LP and do not have any rights under its limited partnership agreement. However, our partnership is the managing general partner of the Holding LP and is responsible for the management and control of the Holding LP.

Because this description is only a summary of the terms of the agreement, it does not necessarily contain all of the information that you may find useful. For more complete information, you should read the Holding LP's limited partnership agreement, as amended from time to time, which is available electronically on the website of the Securities and Exchange Commission at www.sec.gov and on our SEDAR profile at www.sedar.com and will be made available to our unitholders and preferred unitholders as described under Item 10.C "Material Contracts" and Item 10.H "Documents on display."

Formation and Duration

The Holding LP is a Bermuda exempted limited partnership registered under the Bermuda Limited Partnership Act and the Bermuda Exempted Partnerships Act. The Holding LP has a perpetual existence and will continue as a limited liability partnership unless the partnership is terminated or dissolved in accordance with its limited partnership agreement.

Nature and Purpose

Under its limited partnership agreement, the purpose of the Holding LP is to: acquire and hold interests in the Holding Entities and, subject to the approval of our partnership in its capacity as managing general partner of the Holding LP, any other entity; engage in any activity related to the capitalization and financing of the Holding LP's interests in such entities; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by our partnership in its capacity as managing general partner of the Holding LP and that lawfully may be conducted by a limited partnership organized under the Bermuda Limited Partnership Act and our Limited Partnership Agreement.

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Units

As of the date of this annual report on Form 20-F, the Holding LP has four classes of units: Special Limited Partner Units, Redeemable Partnership Units, Managing General Partner Units and Holding LP Class A Preferred Units. Holders of units are not entitled to the withdrawal or return of capital contributions in respect of their units, except to the extent, if any, that distributions are made to such holders pursuant to the Holding LP's limited partnership agreement or upon the liquidation of the Holding LP or as otherwise required by applicable law. Except to the extent expressly provided in the Holding LP's limited partnership agreement, as amended from time to time, a holder of units does not have priority over any other holder of units, either as to the return of capital contributions or as to profits, losses or distributions. The Holding LP Class A Preferred Units rank senior to the other Holding LP units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of the Holding LP, whether voluntary or involuntary. Each series of Holding LP Class A Preferred Units ranks on a parity with every other series of the Holding LP Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of the Holding LP, whether voluntary or involuntary.

Issuance of Additional Partnership Interests

Subject to the rights of the holders of Holding LP Class A Preferred Units to approve issuances of additional partnership interests ranking senior to the Holding LP Class A Preferred Units with respect to priority in the payment of distributions and in the distribution of the assets in the event of the liquidation, dissolution or winding-up of the Holding LP, whether voluntary or involuntary, the Holding LP may issue additional partnership interests (including new classes of partnership interests and options, rights, warrants and appreciation rights relating to such interests) for any partnership purpose, at any time and on such terms and conditions as its managing general partner may determine. Any additional partnership interests may be issued in one or more classes, or one or more series of classes, with such designations, preferences, rights, powers and duties (which may be senior to existing classes and series of partnership interests) as our partnership in its capacity as managing general partner of the Holding LP may determine in its sole discretion.

Redemption-Exchange Mechanism

At any time, one or more wholly-owned subsidiaries of Brookfield Asset Management that hold Redeemable Partnership Units will have the right to require the Holding LP to redeem for cash all or a portion of the Redeemable Partnership Units held by such subsidiary, subject to our partnership's right of first refusal, as described below. Any such redeeming subsidiary may exercise its right of redemption by delivering a notice of redemption to the Holding LP and our partnership. After presentation for redemption, such redeeming subsidiary will receive, subject to our partnership's right of first refusal, as described below, for each unit that is presented, cash in an amount equal to the market value of one of our units multiplied by the number of units to be redeemed (as determined by reference to the five day volume weighted average of the trading price of our units and subject to certain customary adjustments). Upon its receipt of the redemption notice, our partnership will have a right of first refusal entitling it, at its sole discretion, to elect to acquire all (but not less than all) units described in such notice and presented to the Holding LP for redemption in exchange for units on a one for one basis (subject to certain customary adjustments). Upon a redemption for cash, the holder's right to receive distributions with respect to the Holding LP's units so redeemed will cease.

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Brookfield's aggregate limited partnership interest in our partnership would be approximately 29.5% if it exercised its redemption right in full and our partnership exercised its right of first refusal on the Holding LP's units redeemed (including the approximately 249,645 issued and outstanding units that Brookfield currently also owns). Brookfield's total percentage interest in our partnership would be increased if it participates in the Holding LP's distribution reinvestment plan.

Distributions

Subject to the rights of holders of Holding LP Class A Preferred Units to receive cumulative preferential cash distributions in accordance with their terms, distributions by the Holding LP will be made in the sole discretion of our partnership in its capacity as managing general partner of the Holding LP. The holders of a series of Holding LP Class A Preferred Units will be entitled to receive the same distribution as the holders of the corresponding series of Class A Preferred Units. However, our partnership will not be permitted to cause the Holding LP to make a distribution if the Holding LP does not have sufficient cash on hand to make the distribution, the distribution would render the Holding LP insolvent or if, in the opinion of its managing general partner, the distribution would leave the Holding LP with insufficient funds to meet any future or contingent obligations.

Except as set forth below, prior to the dissolution of the Holding LP, distributions of available cash (if any) in any given quarter will be made by the Holding LP as follows (being the "Regular Distribution Waterfall"):

- first, 100% of any available cash to our partnership until our partnership has been distributed an amount equal to our partnership's expenses and outlays for the quarter properly incurred;
- second, 100% to the owners of the Holding LP's preferred units, in proportion to their respective relative percentage of Holding LP preferred units held (determined by reference to the aggregate value of the issue price of the Holding LP preferred units held by each holder relative to the aggregate value of the issue price of all Holding LP preferred units then outstanding) until there has been distributed to such holder an amount equal to all preferential distributions to which the holder are entitled under the terms of the Holding LP preferred units then outstanding and any outstanding accrued and unpaid preferential distributions from prior periods;
- third, 100% of any available cash then remaining to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, until each holder of a partnership unit of the Holding LP, other than a holder of a Holding LP preferred unit, has received distributions during such quarter in an amount equal to $0.203, referred to as the First Distribution Threshold;
- fourth, 85% of any available cash then remaining to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, and 15% to the holder of Special Limited Partner Units, until each holder of a partnership unit of the Holding LP, other than a holder of a Holding LP preferred unit, has received distributions during such quarter in an amount equal to $0.22, referred to as the Second Distribution Threshold; and
- thereafter, 75% of any available cash then remaining to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, and 25% to the holder of Special Limited Partner Units.

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On September 14, 2016, concurrent with completion of the Unit Split, the Managing General Partner Units, Special Limited Partner Units and Redeemable Partnership Units of the Holding LP were concurrently split to reflect the Unit Split. The limited partnership agreement was also amended on such date to adjust the First Distribution Threshold from $0.305 to $0.203 and the Second Distribution Threshold from $0.33 to $0.22 to reflect the Unit Split.

Set forth below is an example of how the incentive distributions described above are calculated on a quarterly and annualized basis going forward. The figures used below are for illustrative purposes only and are not indicative of Brookfield Infrastructure's expectations.

		Quarterly		Annually	
Incentive Distribution Calculation	**Units (m)**	**Per Unit ($)**	**Total ($m)**	**Per Unit ($)**	**Total ($m)**
Illustrative distribution		$ 0.435		$ 1.740	
First distribution threshold		$ 0.203		$ 0.812	
Total units of Holding LP	369				
Total first distribution			$ 75		$ 300
Distribution in excess of first distribution threshold		$ 0.017		$ 0.068	
Total units of Holding LP	369				
Second distribution to partners			$ 6		$ 24
15% incentive distribution to the holder of Special Limited Partner Units			1		4
Total second distribution			$ 7		$ 28
Distribution in excess of second distribution threshold		$ 0.215		$ 0.860	
Total units Holding LP	369				
Third distribution to partners			$ 79		$ 316
25% incentive distribution to the holder of Special Limited Partner Units			26		104
Total third distribution			$ 105		$ 420
Total distributions to partners (including incentive distributions)			$ 187		$ 748
Total incentive distributions to the holder of Special Limited Partner Units			$ 27		$ 108

The table below sets forth the incentive distributions for the years ended December 31, 2016, 2015 and 2014 paid to Infrastructure Special LP.

	Year ended December 31		
MILLIONS	**2016**	**2015**	**2014**
Incentive Distributions	**$ 80**	$ 64	$ 44

Subject to the terms of any Holding LP preferred units outstanding, if, prior to the dissolution of the Holding LP, available cash is deemed by its managing general partner, in its sole discretion, to be (i) attributable to sales or other dispositions of the Holding LP's assets and (ii) representative of unrecovered capital, then such available cash shall be distributed to the partners of the Holding LP, other than holders of Holding LP preferred units, in proportion to the unreturned capital attributable to the Holding LP's partnership interests held by such partners until such time as the unreturned capital attributable to each such partnership interest is equal to zero. Thereafter, distributions of available cash made by the Holding LP (to the extent made prior to dissolution) will be made in accordance with the Regular Distribution Waterfall.

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Upon the occurrence of an event resulting in the dissolution of the Holding LP, all cash and property of the Holding LP in excess of that required to discharge the Holding LP's liabilities will be distributed as follows: (i) to the extent such cash and/or property is attributable to a realization event occurring prior to the event of dissolution, such cash and/or property will be distributed in accordance with the Regular Distribution Waterfall and/or the distribution waterfall applicable to unrecovered capital; and (ii) all other cash and/or property will be distributed in the manner set forth below.

- first, 100% to our partnership until our partnership has received an amount equal to the excess of (i) the amount of our partnership's outlays and expenses incurred during the term of the Holding LP, over (ii) the aggregate amount of distributions received by our partnership pursuant to the first tier of the Regular Distribution Waterfall during the term of the Holding LP;

- second, 100% to the preferred unitholders pro rata in proportion to their respective relative percentage of Holding LP preferred units held (determined by reference to the aggregate value of the issue price of the Holding LP preferred units held by each preferred unitholder relative to the aggregate value of the issue price of all Holding LP preferred units then outstanding) until there has been distributed in respect of each Holding LP preferred unit outstanding an amount equal to any preferential distributions to which the preferred unitholders are entitled in the event of dissolution, liquidation, or winding-up of Holding LP under the terms of the Holding LP preferred units then outstanding (including any outstanding accrued and unpaid preferential distributions from prior periods);

- third, if there are Holding LP preferred units outstanding, an amount equal to the amount of cash or property held by the Holding LP at such time, that is attributable to a realization event occurring prior to the date of a dissolution event and that has been deemed by our partnership as capital surplus shall be distributed as though such amount has been deemed by our partnership to be (i) attributable to sales or other dispositions of the Holding LP's assets and (ii) representative of unrecovered capital;

- fourth, 100% to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, in proportion to their respective amounts of unrecovered capital in the Holding LP;

- fifth, 100% to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, until each holder of a Holding LP partnership unit, other than a Holding LP preferred unit, has received an amount equal to the excess of (i) the First Distribution Threshold for each quarter during the term of the Holding LP (subject to adjustment upon the subsequent issuance of additional partnership interests in the Holding LP), over (ii) the aggregate amount of distributions made in respect of the Holding LP's partnership units, other than Holding LP preferred units, pursuant to the third tier of the Regular Distribution Waterfall during the term of the Holding LP (subject to adjustment upon the subsequent issuance of additional partnership interests in the Holding LP);

- sixth, 85% to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, and 15% to the holder of Special Limited Partner Units, until each holder of a partnership unit of the Holding LP, other than Holding LP preferred units, has received an amount equal to the excess of (i) the Second Distribution Threshold less the First Distribution Threshold for each quarter during the term of the Holding LP (subject to adjustment upon the subsequent issuance of additional partnership interests in the Holding LP), over (ii) the aggregate amount of distributions made in respect of the partnership units of the Holding LP pursuant to the fourth tier of the Regular Distribution Waterfall during the term of the Holding LP (subject to adjustment upon the subsequent issuance of additional partnership interests in the Holding LP); and

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- thereafter, 75% to the owners of the Holding LP's partnership interests, other than holders of Holding LP preferred units, pro rata to their percentage interests, and 25% to the holder of Special Limited Partner Units.

Each partner's percentage interest is determined by the relative portion of all outstanding partnership interests, other than any Holding LP preferred units, held by that partner from time to time and is adjusted upon and to reflect the issuance of additional partnership interests of the Holding LP. In addition, the unreturned capital attributable to each of the partnership interests, as well as certain of the distribution thresholds set forth above, may be adjusted pursuant to the terms of the limited partnership agreement of the Holding LP so as to ensure the uniformity of the economic rights and entitlements of (i) the previously outstanding partnership interests of the Holding LP, and (ii) the subsequently issued partnership interests of the Holding LP.

The limited partnership agreement of the Holding LP provides that, to the extent that any Holding Entity or any operating entity pays to Brookfield any comparable performance or incentive distribution, the amount of any incentive distributions paid to the holder of Special Limited Partner Units in accordance with the distribution entitlements described above will be reduced in an equitable manner to avoid duplication of distributions.

The holder of Special Limited Partner Units may elect, at its sole discretion, to reinvest incentive distributions in Redeemable Partnership Units.

No Management or Control

The Holding LP's limited partners, in their capacities as such, may not take part in the management or control of the activities and affairs of the Holding LP and do not have any right or authority to act for or to bind the Holding LP or to take part or interfere in the conduct or management of the Holding LP.

Limited partners are not entitled to vote on matters relating to the Holding LP, although holders of units are entitled to consent to certain matters as described under "—Amendment of the Holding LP's Limited Partnership Agreement," "—Opinion of Counsel and Limited Partner Approval," "—Merger, Sale or Other Disposition of Assets," and "—Withdrawal of the General Partner" which may be effected only with the consent of the holders of the percentages of outstanding units specified below. For the purposes of any approval required from holders of the Holding LP's units, if holders of Redeemable Partnership Units are entitled to vote, they will be entitled to one vote per unit held subject to a maximum number of votes equal to 49% of the total number of units of the Holding LP then issued and outstanding. Each unit shall entitle the holder thereof to one vote for the purposes of any approvals of holders of units. Except as otherwise provided by law or as set out in the provisions attached to any series of Holding LP Class A Preferred Units and except for meetings of the holders of Holding LP Class A Preferred Units as a class or meetings of the holders of a series thereof, the holders of a series of Holding LP Class A Preferred Units are not entitled to receive notice of, attend, or vote at any meeting of holders of units.

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Meetings

Special meetings of the limited partners of the Holding LP may be called by its managing general partner at a time and place outside of Canada determined by it on a date not less than 10 days nor more than 60 days after the mailing of notice of the meeting. Special meetings of the limited partners may also be called by limited partners owning 50% or more of the voting power of the outstanding partnership interests of the class or classes for which a meeting is proposed. For this purpose, the partnership interests outstanding do not include partnership interests owned by its managing general partner or Brookfield. Only holders of partnership interests of the Holding LP of record on the date set by its managing general partner (which may not be less than 10 days nor more than 60 days, before the meeting) are entitled to notice of any meeting.

Amendment of the Holding LP's Limited Partnership Agreement

Amendments to the Holding LP's limited partnership agreement may be proposed only by or with the consent of its managing general partner. To adopt a proposed amendment, other than the amendments that do not require limited partner approval discussed below, the managing general partner must seek approval of a majority of the Holding LP's outstanding units required to approve the amendment or call a meeting of the limited partners to consider and vote upon the proposed amendment. Notwithstanding the above, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to the Holding LP Class A Preferred Units as a class and any other approval to be given by the holders of the Holding LP Class A Preferred Units may be (i) given by a resolution signed by the holders of Holding LP Class A Preferred Units owning not less than the percentage of the Holding LP Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the Holding LP Class A Preferred Units at which all holders of the Holding LP Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least $66^2/_3$% of the votes cast at a meeting of holders of the Holding LP Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding Holding LP Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of Holding LP Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of Holding LP Class A Preferred Units as a class, each such holder shall be entitled to one vote in respect of each Holding LP Class A Preferred Unit held.

Further, in addition to any other approvals required by law, the approval of all amendments to the rights, privileges, restrictions and conditions attaching to each series of Holding LP Class A Preferred Units, as a series, and any other approval to be given by the holders of each series of Holding LP Class A Preferred Units, as a series, may be (i) given by a resolution signed by the holders of the applicable series of Holding LP Class A Preferred Units owning not less than the percentage of such series of Holding LP Class A Preferred Units that would be necessary to authorize such action at a meeting of the holders of the applicable series of Holding LP Class A Preferred Units at which all holders of the applicable series of Holding LP Class A Preferred Units were present and voted or were represented by proxy, or (ii) passed by an affirmative vote of at least $66^2/_3$% of the votes cast at a meeting of holders of the applicable series of Holding LP Class A Preferred Units duly called for that purpose and at which the holders of at least 25% of the outstanding applicable series of Holding LP Class A Preferred Units are present or represented by proxy or, if no quorum is present at such meeting, at an adjourned meeting at which the holders of the applicable series of Holding LP Class A Preferred Units then present would form the necessary quorum. At any meeting of holders of a series of Holding LP Class A Preferred Units, as a series, each such holder shall be entitled to one vote in respect of the applicable Holding LP Class A Preferred Unit held.

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Prohibited Amendments

No amendment may be made that would:

- enlarge the obligations of any limited partner of the Holding LP without its consent, except that any amendment that would have a material adverse effect on the rights or preferences of any class of partnership interests in relation to other classes of partnership interests may be approved by at least a majority of the type or class of partnership interests so affected; or

- enlarge the obligations of, restrict in any way any action by or rights of, or reduce in any way the amounts distributable, reimbursable or otherwise payable by the Holding LP to its managing general partner or any of its affiliates without the consent of the managing general partner which may be given or withheld in its sole discretion.

The provision of the Holding LP's limited partnership agreement preventing the amendments having the effects described directly above can be amended upon the approval of the holders of at least 90% of the outstanding units.

No Limited Partner Approval

Subject to applicable law, the managing general partner may generally make amendments to the Holding LP's limited partnership agreement without the approval of any limited partner to reflect:

- a change in the name of the partnership, the location of the partnership's registered office or the partnership's registered agent;

- the admission, substitution, withdrawal or removal of partners in accordance with the limited partnership agreement;

- a change that the managing general partner determines is necessary or appropriate for the partnership to qualify or to continue its qualification as a limited partnership or a partnership in which the limited partners have limited liability under the laws of any jurisdiction or to ensure that the Holding LP will not be treated as an association taxable as a corporation or otherwise taxed as an entity for tax purposes;

- an amendment that the managing general partner determines to be necessary or appropriate to address certain changes in tax regulations, legislation or interpretation;

- an amendment that is necessary, in the opinion of counsel, to prevent the Holding LP or the managing general partner or its directors, officers, agents or trustees, from having a material risk of being in any manner subjected to the provisions of the Investment Company Act or similar legislation in other jurisdictions;

- an amendment that the managing general partner determines in its sole discretion to be necessary or appropriate for the creation, authorization or issuance of any class or series of partnership interests or options, rights, warrants or appreciation rights relating to partnership securities;

- any amendment expressly permitted in the Holding LP's limited partnership agreement to be made by the managing general partner acting alone;

- an amendment effected, necessitated or contemplated by an agreement of merger, consolidation or other combination agreement that has been approved under the terms of the Holding LP's limited partnership agreement;

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- any amendment that in the sole discretion of the managing general partner is necessary or appropriate to reflect and account for the formation by the partnership of, or its investment in, any corporation, partnership, joint venture, limited liability company or other entity, as otherwise permitted by the Holding LP's limited partnership agreement;
- a change in its fiscal year and related changes;
- any amendment concerning the computation or allocation of specific items of income, gain, expense or loss among the partners that, in the sole discretion of the managing general partner, is necessary or appropriate to (i) comply with the requirements of applicable law, (ii) reflect the partners' interests in the Holding LP, or (iii) consistently reflect the distributions made by the Holding LP to the partners pursuant to the terms of the limited partnership agreement of the Holding LP;
- any amendment that in the sole discretion of the managing general partner, is necessary or appropriate to address any statute, rule, regulation, notice or announcement that affects or could affect the U.S. federal tax treatment of any allocation or distribution related to any interest of the managing general partner in the profits of Holding LP; and
- any other amendments substantially similar to any of the matters described directly above.

In addition, amendments to the Holding LP's limited partnership agreement may be made by the managing general partner without the approval of any limited partner if those amendments, in the discretion of the managing general partner:

- do not adversely affect the Holding LP's limited partners considered as a whole (including any particular class of partnership interests as compared to other classes of partnership interests) in any material respect;
- are necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any governmental agency or judicial authority;
- are necessary or appropriate to comply with any rule, regulation, guideline or requirement of any securities exchange on which the limited partner interests are or will be listed for trading;
- are necessary or appropriate for any action taken by the managing general partner relating to splits or combinations of units under the provisions of the Holding LP's limited partnership agreement; or
- are required to effect the intent expressed in the provisions of the Holding LP's limited partnership agreement or are otherwise contemplated by the Holding LP's limited partnership agreement.

Opinion of Counsel and Limited Partner Approval

The managing general partner of the Holding LP will not be required to obtain an opinion of counsel that an amendment will not result in a loss of limited liability to the limited partners if one of the amendments described above under "—No Limited Partner Approval" should occur. No other amendments to the Holding LP's limited partnership agreement will become effective without the approval of holders of at least 90% of the Holding LP's units, unless it obtains an opinion of counsel to the effect that the amendment will not cause the Holding LP to be treated as an association taxable as a corporation or otherwise taxable as an entity for tax purposes (provided that for U.S. tax purposes its managing general partner has not made the election described below under "—Election to be Treated as a Corporation"), or affect the limited liability under the Bermuda Limited Partnership Act of any of the Holding LP's limited partners.

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Subject to the terms of any Holding LP preferred units outstanding, in addition to the above restrictions, any amendment that would have a material adverse effect on the rights or preferences of any type or class of partnership interests in relation to other classes of partnership interests will also require the approval of the holders of at least a majority of the outstanding partnership interests of the class so affected.

In addition, any amendment that reduces the voting percentage required to take any action must be approved by the affirmative vote of limited partners whose aggregate outstanding voting units constitute not less than the voting requirement sought to be reduced.

Election to be Treated as a Corporation

If, in the determination of the managing general partner, it is no longer in the Holding LP's best interests to continue as a partnership for U.S. federal income tax purposes, the managing general partner may elect to treat the Holding LP as an association or as a publicly traded partnership taxable as a corporation for U.S. federal (and applicable state) income tax purposes.

Dissolution

The Holding LP shall dissolve and its affairs shall be wound up, upon the earlier of (i) the service of notice by the managing general partner, with the approval of a majority of the members of the independent directors of our General Partner, that, in the opinion of the managing general partner, the coming into force of any law, regulation or binding authority renders illegal or impracticable the continuation of the Holding LP; (ii) the election of the managing general partner if the Holding LP, as determined by the managing general partner, is required to register as an "investment company" under the Investment Company Act or similar legislation in other jurisdictions; (iii) the date that the managing general partner withdraws from the partnership (unless Brookfield becomes the managing general partner of the Holding LP as described below under "—Withdrawal of the Managing General Partner"); (iv) the date on which any court of competent jurisdiction enters a decree of judicial dissolution of the Holding LP or an order to wind up or liquidate the managing general partner without the appointment of a successor; and (v) the date on which the managing general partner decides to dispose of, or otherwise realize proceeds in respect of, all or substantially all of the Holding LP's assets in a single transaction or series of transactions.

The Holding LP shall not dissolve if within 30 days of the date of dissolution (and provided that a notice of dissolution with respect to the Holding LP has not been filed with the Bermuda Monetary Authority), a successor managing general partner executes a transfer deed pursuant to which the successor managing general partner assumes the rights and undertakes the obligations of the original managing general partner, but only if the Holding LP receives an opinion of counsel that the admission of a new managing general partner will not result in the loss of limited liability of any limited partner of the Holding LP.

Withdrawal of the Managing General Partner

Our partnership may withdraw as managing general partner without first obtaining approval of unitholders or preferred unitholders by giving 90 days advance notice, and that withdrawal will not constitute a violation of the limited partnership agreement.

Upon the withdrawal of our partnership, the holders of a majority of the voting power of Special Limited Partner Units may select a successor to our partnership to act as managing general partner. If a successor is not elected, or is elected but an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions) cannot be obtained, the Holding LP will be dissolved, wound up and liquidated. See "—Dissolution" above.

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Our partnership may not be removed as managing general partner by the partners of Holding LP.

In the event of withdrawal of our partnership as the managing general partner where that withdrawal violates the Holding LP's limited partnership agreement, a successor managing general partner will have the option to purchase the managing general partnership interest of the our partnership for a cash payment equal to its fair market value. Under all other circumstances where our partnership withdraws, our partnership will have the option to require the successor managing general partner to purchase the managing general partnership interest of our partnership for a cash payment equal to its fair market value. In each case, this fair market value will be determined by agreement between our partnership and the successor managing general partner. If no agreement is reached within 30 days of our partnership's departure, an independent investment banking firm or other independent expert selected by our partnership and the successor managing general partner will determine the fair market value. If our partnership and the successor managing general partner cannot agree upon an expert within 45 days of our partnership's departure, then an expert chosen by agreement of the experts selected by each of them will determine the fair market value.

If the option described above is not exercised by either the departing managing general partner or the successor managing general partner, the departing managing general partner's managing general partnership interests will automatically convert into either Special Limited Partner Units or Redeemable Partnership Units pursuant to a valuation of those interests as determined by an investment banking firm or other independent expert selected in the manner described in the preceding paragraph.

Transfer of the Managing General Partnership Interest

Our partnership may transfer all or any part of its managing general partnership interests without first obtaining approval of any unitholder or preferred unitholder. As a condition of this transfer, the transferee must assume the rights and duties of the managing general partner to whose interest that transferee has succeeded, agree to be bound by the provisions of the Holding LP's limited partnership agreement and furnish an opinion of counsel regarding limited liability, tax matters and the Investment Company Act (and similar legislation in other jurisdictions). Any transfer of the managing general partnership interest is subject to prior notice to and approval of the relevant Bermuda regulatory authority.

Transactions with Interested Parties

The managing general partner of the Holding LP, its affiliates and their respective partners, members, shareholders, directors, officers, employees and shareholders, which we refer to as "interested parties", may become limited partners or beneficially interested in limited partners and may hold, dispose of or otherwise deal with units of the Holding LP with the same rights they would have if the managing general partner of the Holding LP were not a party to the limited partnership agreement of the Holding LP. An interested party will not be liable to account either to other interested parties or to the Holding LP, its partners or any other persons for any profits or benefits made or derived by or in connection with any such transaction.

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The limited partnership agreement of the Holding LP permits an interested party to sell investments to, purchase assets from, vest assets in and enter into any contract, arrangement or transaction with the Holding LP, any of the Holding Entities, any operating entity or any other holding vehicle established by the Holding LP and may be interested in any such contract, transaction or arrangement and shall not be liable to account either to the Holding LP, any of the Holding Entities, any operating entity or any other holding vehicle established by the Holding LP or any other person in respect of any such contract, transaction or arrangement, or any benefits or profits made or derived therefrom, by virtue only of the relationship between the parties concerned, subject to our conflicts protocol.

Outside Activities of the Managing General Partner

In accordance with our limited partnership agreement, our partnership is authorized to: acquire and hold interests in the Holding LP and, subject to the approval of the General Partner, interests in any other entity; engage in any activity related to the capitalization and financing of our partnership's interests in such entities; serve as the managing general partner of the Holding LP; and engage in any other activity that is incidental to or in furtherance of the foregoing and that is approved by our General Partner and that lawfully may be conducted by a limited partnership organized under the Bermuda Limited Partnership Act, the Bermuda Exempted Partnerships Act, and our limited partnership agreement.

The Holding LP's limited partnership agreement provides that each person who is entitled to be indemnified by the partnership, as described below under "—Indemnification; Limitations on Liability" will have the right to engage in businesses of every type and description and other activities for profit, and to engage in and possess interests in business ventures of any and every type or description, irrespective of whether (i) such businesses and activities are similar to our activities, or (ii) such businesses and activities directly compete with, or disfavour or exclude, the Holding LP, the managing general partner, any Holding Entity, operating entity, or any other holding vehicle established by the Holding LP. Such business interests, activities and engagements will be deemed not to constitute a breach of the limited partnership agreement or any duties stated or implied by law or equity, including fiduciary duties, owed to any of the Holding LP, the managing general partner, any Holding Entity, operating entity, and any other holding vehicle established by the Holding LP (or any of their respective investors), and shall be deemed not to be a breach of the managing general partner's fiduciary duties or any other obligation of any type whatsoever of the managing general partner. None of the Holding LP, the managing general partner, any Holding Entity, operating entity, any other holding vehicle established by the Holding LP or any other person shall have any rights by virtue of the Holding LP's limited partnership agreement or the partnership relationship established thereby or otherwise in any business ventures of any person who is entitled to be indemnified by the Holding LP as described below under "—Indemnification; Limitations on Liability."

Our partnership and the other indemnified persons described in the preceding paragraph will not have any obligation under the Holding LP's limited partnership agreement or as a result of any duties stated or implied by law or equity, including fiduciary duties, to present business or investment opportunities to the Holding LP, any Holding Entity, operating entity, or any other holding vehicle established by the Holding LP. These provisions will not affect any obligation of such indemnified person to present business or investment opportunities to the Holding LP, any Holding Entity, operating entity or any other holding vehicle established by the Holding LP pursuant to a separate written agreement between such persons.

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Account Reports

The Holding LP prepares its financial statements in accordance with IFRS. See also the information contained in this annual report on Form 20-F under Item 10.B "Memorandum and Articles of Association—Description of Our Units, Preferred Units and Our Limited Partnership Agreement—Accounts, Reports and Other Information".

The managing general partner of the Holding LP is also required to use commercially reasonable efforts to prepare and send to the Holding LP's limited partners on an annual basis, additional information regarding the Holding LP, including Schedule K-1 (or equivalent) and information related to the passive foreign investment company status of any non-U.S. corporation that we control and, where reasonably possible, any other non-U.S. corporation in which we hold an interest. The managing general partner of the Holding LP will also, where reasonably possible, prepare and send information required by the Holding LP's non-U.S. limited partners for U.S. federal income tax reporting purposes, including information related to investments in "U.S. real property interests," as that term is defined in Section 897 of the U.S. Internal Revenue Code. The managing general partner will also, where reasonably possible and applicable, prepare and send information required by the Holding LP's limited partners for Canadian federal income tax purposes.

Indemnification; Limitations on Liability

Under the Holding LP's limited partnership agreement, it is required to indemnify to the fullest extent permitted by law the managing general partner, and any of its respective affiliates (and their respective officers, directors, agents, shareholders, partners, members and employees), any person who serves on a governing body of the Holding LP, a Holding Entity, operating entity or any other holding vehicle established by our partnership and any other person designated by the managing general partner as an indemnified person, in each case, against all losses, claims, damages, liabilities, costs or expenses (including legal fees and expenses), judgments, fines, penalties, interest, settlements or other amounts arising from any and all claims, demands, actions, suits or proceedings, incurred by an indemnified person in connection with its business, investments and activities or by reason of their holding such positions, except to the extent that the claims, liabilities, losses, damages, costs or expenses are determined to have resulted from the indemnified person's bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful. In addition, under the Holding LP's limited partnership agreement, (i) the liability of such persons has been limited to the fullest extent permitted by law, except to the extent that their conduct involves bad faith, fraud or willful misconduct, or in the case of a criminal matter, action that the indemnified person knew to have been unlawful and (ii) any matter that is approved by the independent directors will not constitute a breach of any duties stated or implied by law or equity, including fiduciary duties. The Holding LP's limited partnership agreement requires it to advance funds to pay the expenses of an indemnified person in connection with a matter in which indemnification may be sought until it is determined that the indemnified person is not entitled to indemnification.

Governing Law

The Holding LP's limited partnership agreement is governed by and will be construed in accordance with the laws of Bermuda.

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10.C MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, to which we have been a party within the past two years:

1. Amended and Restated Master Services Agreement by and among the Service Recipients, Brookfield Asset Management Inc., the Service Provider and others described under Item 6.A. "Directors and Senior Management—Our Master Services Agreement";

2. Amended and Restated Limited Partnership Agreement of our partnership, as amended from time to time, described under Item 10.B. "Description of our Units, Preferred Units and our Limited Partnership Agreement";

3. Amended and Restated Limited Partnership Agreement of the Holding LP, as amended from time to time, described under Item 10.B. "Description of the Holding LP's Limited Partnership Agreement";

4. Amended and Restated Relationship Agreement by and among our partnership, the Holding LP, the Holding Entities, the Service Provider and Brookfield Asset Management Inc. described under Item 7.B. "Related Party Transactions—Relationship Agreement";

5. Registration Rights Agreement, dated December 4, 2007, between Brookfield Infrastructure Partners L.P. and Brookfield Asset Management Inc described under Item 7.B "Related Party Transactions—Registration Rights Agreement";

6. Indenture by and among Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

7. First Supplemental Indenture dated October 10, 2012 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

8. Guarantee dated October 10, 2012 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure Corporation in favour of Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

9. Guarantee dated November 27, 2013 by Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

10. Second Supplemental Indenture dated March 11, 2015 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

11. Guarantee dated March 11, 2015 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

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12. Third Supplemental Indenture dated October 30, 2015 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

13. Guarantee dated October 30, 2015 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

14. Fourth Supplemental Indenture dated October 30, 2015 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

15. Guarantee dated October 30, 2015 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F;

16. Fifth Supplemental Indenture dated February 22, 2017 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F; and

17. Guarantee dated February 22, 2017 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada, described in Note 19, "Subsidiary Public Issuers" in our financial statements included in this annual report on Form 20-F.

10.D EXCHANGE CONTROLS

There are currently no governmental laws, decrees, regulations or other legislation of Bermuda or the United States which restrict the import or export of capital or the remittance of dividends, interest or other payments to non-residents of Bermuda or the United States holding the Company's securities, except as otherwise described in this annual report on Form 20-F under Item 10.E "Taxation."

10.E TAXATION

The following summary discusses certain material United States, Canadian, Australian and Bermudian tax considerations related to the holding and disposition of our units as of the date hereof. Holders of our units are advised to consult their own tax advisors concerning the consequences under the tax laws of the country of which they are resident or in which they are otherwise subject to tax of making an investment in our units.

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CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

This summary discusses certain material United States federal income tax considerations to unitholders relating to the receipt, holding, and disposition of our units as of the date hereof. This summary is based on provisions of the U.S. Internal Revenue Code, on the regulations promulgated thereunder ("Treasury Regulations"), and on published administrative rulings, judicial decisions, and other applicable authorities, all as in effect on the date hereof and all of which are subject to change at any time, possibly with retroactive effect. This summary is necessarily general and may not apply to all categories of investors, some of whom may be subject to special rules, including, without limitation, persons that own (directly or indirectly, applying certain attribution rules) 5% or more of our units, dealers in securities or currencies, financial institutions or financial services entities, mutual funds, life insurance companies, persons that hold our units as part of a straddle, hedge, constructive sale or conversion transaction with other investments, persons whose units are loaned to a short seller to cover a short sale of units, persons whose functional currency is not the U.S. dollar, persons who have elected mark-to-market accounting, persons who hold our units through a partnership or other entity treated as a pass-through entity for U.S. federal income tax purposes, persons for whom our units are not a capital asset, persons who are liable for the alternative minimum tax, and certain U.S. expatriates or former long-term residents of the United States. This summary does not address any tax consequences to holders of our preferred units. Tax-exempt organizations are addressed separately below. The actual tax consequences of the ownership and disposition of our units will vary depending on your individual circumstances.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of one or more of our units that is for U.S. federal tax purposes: (i) an individual citizen or resident of the United States; (ii) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (a) that is subject to the primary supervision of a court within the United States and all substantial decisions of which one or more U.S. persons have the authority to control or (b) that has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

A "Non-U.S. Holder" is a beneficial owner of one or more of our units, other than a U.S. Holder or an entity classified as a partnership or other fiscally transparent entity for U.S. federal tax purposes.

If a partnership holds our units, the tax treatment of a partner of such partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of partnerships that hold our units should consult their own tax advisers.

This discussion does not constitute tax advice and is not intended to be a substitute for tax planning. You should consult your own tax adviser concerning the U.S. federal, state and local income tax consequences particular to your ownership and disposition of our units, as well as any tax consequences under the laws of any other taxing jurisdiction.

Partnership Status of Our Partnership and the Holding LP

Each of our partnership and the Holding LP has made a protective election to be classified as a partnership for U.S. federal tax purposes. An entity that is treated as a partnership for U.S. federal tax purposes incurs no U.S. federal income tax liability. Instead, each partner is generally required to take into account its allocable share of items of income, gain, loss, deduction, or credit of the partnership in computing its U.S. federal income tax liability, regardless of whether cash distributions are made. Distributions of cash by a partnership to a partner generally are not taxable unless the amount of cash distributed to a partner is in excess of the partner's adjusted basis in its partnership interest.

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An entity that would otherwise be classified as a partnership for U.S. federal income tax purposes may nonetheless be taxable as a corporation if it is a "publicly traded partnership", unless an exception applies. Our partnership is publicly traded. However, an exception, referred to as the "Qualifying Income Exception", exists with respect to a publicly traded partnership if (i) at least 90% of such partnership's gross income for every taxable year consists of "qualifying income" and (ii) the partnership would not be required to register under the Investment Company Act if it were a U.S. corporation. Qualifying income includes certain interest income, dividends, real property rents, gains from the sale or other disposition of real property, and any gain from the sale or disposition of a capital asset or other property held for the production of income that otherwise constitutes qualifying income.

Our General Partner intends to manage the affairs of our partnership and the Holding LP so that our partnership will meet the Qualifying Income Exception in each taxable year. Accordingly, our General Partner believes that our partnership will be treated as a partnership and not as a corporation for U.S. federal income tax purposes.

If our partnership fails to meet the Qualifying Income Exception, other than a failure which is determined by the IRS to be inadvertent and which is cured within a reasonable time after discovery, or if our partnership is required to register under the Investment Company Act, our partnership will be treated as if it had transferred all of its assets, subject to liabilities, to a newly formed corporation, on the first day of the year in which our partnership fails to meet the Qualifying Income Exception, in return for stock in such corporation, and then distributed the stock to our unitholders in liquidation. This deemed contribution and liquidation could result in the recognition of gain (but not loss) to U.S. Holders, except that U.S. Holders generally would not recognize the portion of such gain attributable to stock or securities of non-U.S. corporations held by us. If, at the time of such contribution, our partnership were to have liabilities in excess of the tax basis of its assets, U.S. Holders generally would recognize gain in respect of such excess liabilities upon the deemed transfer. Thereafter, our partnership would be treated as a corporation for U.S. federal income tax purposes.

If our partnership were treated as a corporation in any taxable year, either as a result of a failure to meet the Qualifying Income Exception or otherwise, our partnership's items of income, gain, loss, deduction, or credit would be reflected only on our partnership's tax return rather than being passed through to our unitholders, and our partnership would be subject to U.S. corporate income tax and potentially branch profits tax with respect to its income, if any, effectively connected with a U.S. trade or business. Moreover, under certain circumstances, our partnership might be classified as a PFIC, for U.S. federal income tax purposes, and a U.S. Holder would be subject to the rules applicable to PFICs discussed below. See "—Consequences to U.S. Holders—Passive Foreign Investment Companies". Subject to the PFIC rules, distributions made to U.S. Holders would be treated as taxable dividend income to the extent of our partnership's current or accumulated earnings and profits. Any distribution in excess of current and accumulated earnings and profits would first be treated as a tax-free return of capital to the extent of a U.S. Holder's adjusted tax basis in its units. Thereafter, to the extent such distribution were to exceed a U.S. Holder's adjusted tax basis in its units, the distribution would be treated as gain from the sale or exchange of such units. The amount of a distribution treated as a dividend could be eligible for reduced rates of taxation, provided certain conditions are met. In addition, dividends, interest and certain other passive income received by our partnership with respect to U.S. investments generally would be subject to U.S. withholding tax at a rate of 30% (although certain Non-U.S. Holders nevertheless might be entitled to certain treaty benefits in respect of their allocable share of such income) and U.S. Holders would not be allowed a tax credit with respect to any such tax withheld. In addition, the "portfolio interest" exemption would not apply to certain interest income of our partnership (although certain Non-U.S. Holders nevertheless might be entitled to certain treaty benefits in respect of their allocable share of such income). Depending on the composition of our assets, additional adverse U.S. federal income tax consequences could result under the anti-inversion rules described in Section 7874 of the U.S. Internal Revenue Code, as implemented by the Treasury Regulations and IRS administrative guidance.

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Based on the foregoing consequences, the treatment of our partnership as a corporation could materially reduce a holder's after-tax return and therefore could result in a substantial reduction of the value of our units. If the Holding LP were to be treated as a corporation for U.S. federal income tax purposes, consequences similar to those described above would apply, and additional adverse U.S. federal income tax consequences could result if debt issued by a U.S. subsidiary to the Holding LP were recharacterized as equity under the Treasury Regulations under Section 385 of the U.S. Internal Revenue Code.

The remainder of this summary assumes that our partnership and the Holding LP will be treated as partnerships for U.S. federal tax purposes. Our partnership expects that a substantial portion of the items of income, gain, deduction, loss, or credit realized by our partnership will be realized in the first instance by the Holding LP and allocated to our partnership for reallocation to our unitholders. Unless otherwise specified, references in this section to realization of our partnership's items of income, gain, loss, deduction, or credit include a realization of such items by the Holding LP and the allocation of such items to our partnership.

Consequences to U.S. Holders

Holding of Our Units

Income and Loss. If you are a U.S. Holder, you will be required to take into account, as described below, your allocable share of our partnership's items of income, gain, loss, deduction, and credit for each of our partnership's taxable years ending with or within your taxable year. Each item generally will have the same character and source as though you had realized the item directly. You must report such items without regard to whether any distribution has been or will be received from our partnership. Our partnership intends to make cash distributions to all unitholders on a quarterly basis in amounts generally expected to be sufficient to permit U.S. Holders to fund their estimated U.S. tax obligations (including U.S. federal, state, and local income taxes) with respect to their allocable shares of our partnership's net income or gain. However, based upon your particular tax situation and simplifying assumptions that our partnership will make in determining the amount of such distributions, and depending upon whether you elect to reinvest such distributions pursuant to the distribution reinvestment plan, your tax liability might exceed cash distributions made to you, in which case any tax liabilities arising from your ownership of our units would need to be satisfied from your own funds.

With respect to U.S. Holders who are individuals, certain dividends paid by a corporation (including certain qualified foreign corporations) to our partnership and that are allocable to such U.S. Holders may qualify for reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of specified income tax treaties with the United States. In addition, a foreign corporation is treated as a qualified corporation with respect to its shares that are readily tradable on an established securities market in the United States. Among other exceptions, U.S. Holders who are individuals will not be eligible for reduced rates of taxation on any dividends if the payer is a PFIC for the taxable year in which such dividends are paid or for the preceding taxable year. Dividends received by non-corporate U.S. Holders may be subject to an additional Medicare tax on unearned income of 3.8% (see "—Medicare Tax" below). U.S. Holders that are corporations may be entitled to a "dividends received deduction" in respect of dividends paid by U.S. corporations in which our partnership (through the Holding LP) owns stock. You should consult your own tax adviser regarding the application of the foregoing rules in light of your particular circumstances.

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For U.S. federal income tax purposes, your allocable share of our partnership's items of income, gain, loss, deduction, or credit will be governed by our Limited Partnership Agreement if such allocations have "substantial economic effect" or are determined to be in accordance with your interest in our partnership. Similarly, our partnership's allocable share of items of income, gain, loss, deduction, or credit of the Holding LP will be governed by the limited partnership agreement of the Holding LP if such allocations have "substantial economic effect" or are determined to be in accordance with our partnership's interest in the Holding LP. Our General Partner believes that, for U.S. federal income tax purposes, such allocations should be given effect, and our General Partner intends to prepare and file tax returns based on such allocations. If the IRS were to successfully challenge the allocations made pursuant to either our limited partnership agreement or the Limited Partnership Agreement of the Holding LP, then the resulting allocations for U.S. federal income tax purposes might be less favourable than the allocations set forth in such agreements.

Basis. You will have an initial tax basis in your units equal to the sum of (i) the amount of cash paid for our units (or, if you received your units pursuant to the spin-off, the amount of dividend income you recognized pursuant to the spin-off) and (ii) your share of our partnership's liabilities, if any. That basis will be increased by your share of our partnership's income and by increases in your share of our partnership's liabilities, if any. That basis will be decreased, but not below zero, by distributions you receive from our partnership, by your share of our partnership's losses, and by any decrease in your share of our partnership's liabilities. Under applicable U.S. federal income tax rules, a partner in a partnership has a single, or "unitary", tax basis in his or her partnership interest. As a result, any amount you pay to acquire additional units (including through the distribution reinvestment plan) will be averaged with the adjusted tax basis of units owned by you prior to the acquisition of such additional units.

For purposes of the foregoing rules, the rules discussed immediately below, and the rules applicable to a sale or exchange of our units, our partnership's liabilities generally will include our partnership's share of any liabilities of the Holding LP.

Limits on Deductions for Losses and Expenses. Your deduction of your allocable share of our partnership's losses will be limited to your tax basis in our units and, if you are an individual or a corporate holder that is subject to the "at risk" rules, to the amount for which you are considered to be "at risk" with respect to our partnership's activities, if that is less than your tax basis. In general, you will be at risk to the extent of your tax basis in our units, reduced by (i) the portion of that basis attributable to your share of our partnership's liabilities for which you will not be personally liable (excluding certain qualified non-recourse financing) and (ii) any amount of money you borrow to acquire or hold our units, if the lender of those borrowed funds owns an interest in our partnership, is related to you, or can look only to your units for repayment. Your at-risk amount generally will increase by your allocable share of our partnership's income and gain and decrease by cash distributions you receive from our partnership and your allocable share of losses and deductions. You must recapture losses deducted in previous years to the extent that distributions cause your at-risk amount to be less than zero at the end of any taxable year. Losses disallowed or recaptured as a result of these limitations will carry forward and will be allowable to the extent that your tax basis or at-risk amount, whichever is the limiting factor, subsequently increases. Upon the taxable disposition of our units, any gain recognized by you can be offset by losses that were previously suspended by the at-risk limitation, but may not be offset by losses suspended by the basis limitation. Any excess loss above the gain previously suspended by the at-risk or basis limitations may no longer be used. You should consult your own tax adviser as to the effects of the at-risk rules.

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Limitations on Deductibility of Organizational Expenses and Syndication Fees. In general, neither our partnership nor any U.S. Holder may deduct organizational or syndication expenses. Similar rules apply to organizational or syndication expenses incurred by the Holding LP. Syndication fees (which would include any sales or placement fees or commissions) must be capitalized and cannot be amortized or otherwise deducted.

Limitations on Interest Deductions. Our General Partner intends to use commercially reasonable efforts to structure the activities of our partnership and the Holding LP to avoid generating UBTI attributable to debt-financed property. However, to the extent our partnership or the Holding LP incur debt, your share of our partnership's interest expense, if any, is likely to be treated as "investment interest" expense. For a non-corporate U.S. Holder, the deductibility of "investment interest" expense generally is limited to the amount of such holder's "net investment income". Your share of our partnership's dividend and interest income will be treated as investment income, although "qualified dividend income" subject to reduced rates of tax in the hands of an individual will only be treated as investment income if such individual elects to treat such dividend as ordinary income not subject to reduced rates of tax. In addition, state and local tax laws may disallow deductions for your share of our partnership's interest expense.

Net investment income includes gross income from property held for investment and amounts treated as portfolio income under the passive loss rules, less deductible expenses, other than interest, directly connected with the production of investment income, but generally does not include gains attributable to the disposition of property held for investment.

Deductibility of Partnership Investment Expenditures by Individual Partners and by Trusts and Estates. Subject to certain exceptions, all miscellaneous itemized deductions of an individual taxpayer, and certain of such deductions of an estate or trust, are deductible only to the extent that such deductions exceed 2% of the taxpayer's adjusted gross income. In addition, the otherwise allowable itemized deductions of individuals whose gross income exceeds an applicable threshold amount are subject to reduction by an amount equal to the lesser of (i) 3% of the excess of the individual's adjusted gross income over the threshold amount and (ii) 80% of the amount of the individual's itemized deductions. The operating expenses of our partnership, including our partnership's allocable share of the base management fee or any other management fees, may be treated as miscellaneous itemized deductions subject to the foregoing rule. Accordingly, if you are a non-corporate U.S. Holder, you should consult your own tax adviser regarding the application of these limitations.

Treatment of Distributions

Distributions of cash by our partnership generally will not be taxable to you to the extent of your adjusted tax basis (described above) in our units. Any cash distributions in excess of your adjusted tax basis generally will be considered to be gain from the sale or exchange of our units (described below). Such gain generally will be treated as capital gain and will be long-term capital gain if your holding period for our units exceeds one year. A reduction in your allocable share of our liabilities, and certain distributions of marketable securities by our partnership, if any, will be treated similar to cash distributions for U.S. federal income tax purposes.

Sale or Exchange of Our Units

You will recognize gain or loss on the sale or taxable exchange of our units equal to the difference, if any, between the amount realized and your tax basis in our units sold or exchanged. Your amount realized will be measured by the sum of the cash or the fair market value of other property received plus your share of our partnership's liabilities, if any.

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Gain or loss recognized by you upon the sale or exchange of our units generally will be taxable as capital gain or loss and will be long-term capital gain or loss if our units were held for more than one year as of the date of such sale or exchange. Assuming you have not elected to treat your share of our partnership's investment in any PFIC as a "qualified electing fund", gain attributable to such investment in a PFIC would be taxable in the manner described below in "—Passive Foreign Investment Companies". In addition, certain gain attributable to our investment in a "controlled foreign corporation ("CFC") may be characterized as ordinary income, and certain gain attributable to "unrealized receivables" or "inventory items" could be characterized as ordinary income rather than capital gain. For example, if our partnership were to hold debt acquired at a market discount, accrued market discount on such debt would be treated as "unrealized receivables". The deductibility of capital losses is subject to limitations.

Each U.S. Holder who acquires our units at different times and intends to sell all or a portion of our units within a year of the most recent purchase should consult its own tax adviser regarding the application of certain "split holding period" rules to such sale and the treatment of any gain or loss as long-term or short-term capital gain or loss.

Medicare Tax

U.S. Holders that are individuals, estates, or trusts may be required to pay a 3.8% Medicare tax on the lesser of (i) the excess of such U.S. Holders' "modified adjusted gross income" (or "adjusted gross income" in the case of estates and trusts) over certain thresholds and (ii) such U.S. Holders' "net investment income" (or "undistributed net investment income" in the case of estates and trusts). Net investment income generally includes your allocable share of our partnership's income, as well as gain realized by you from a sale of our units. Special rules relating to the 3.8% Medicare tax may apply to dividends and gain, if any, derived by such U.S. Holders with respect to our partnership's interest in a PFIC or CFC. See "—Passive Foreign Investment Companies" and "—Controlled Foreign Corporations" below. You should consult your own tax adviser regarding the implications of the 3.8% Medicare tax for your ownership and disposition of our units.

Foreign Tax Credit Limitations

If you are a U.S. Holder, you generally will be entitled to a foreign tax credit with respect to your allocable share of creditable foreign taxes paid on our partnership's income and gains. Complex rules may, depending on your particular circumstances, limit the availability or use of foreign tax credits. Gain from the sale of our partnership's investments may be treated as U.S.-source gain. Consequently, you may not be able to use the foreign tax credit arising from any foreign taxes imposed on such gain unless the credit can be applied (subject to applicable limitations) against U.S. tax due on other income treated as derived from foreign sources. Certain losses that our partnership incurs may be treated as foreign-source losses, which could reduce the amount of foreign tax credits otherwise available.

Section 754 Election

Our partnership and the Holding LP have each made the election permitted by Section 754 of the U.S. Internal Revenue Code ("Section 754 Election"). The Section 754 Election cannot be revoked without the consent of the IRS. The Section 754 Election generally requires our partnership to adjust the tax basis in its assets, or inside basis, attributable to a transferee of our units under Section 743(b) of the U.S. Internal Revenue Code to reflect the purchase price paid by the transferee for our units. This election does not apply to a person who purchases units directly from us. For purposes of this discussion, a transferee's inside basis in our partnership's assets will be considered to have two components: (i) the transferee's share of our partnership's tax basis in our partnership's assets, or common basis, and (ii) the adjustment under Section 743(b) of the U.S. Internal Revenue Code to that basis. The foregoing rules would also apply to the Holding LP.

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Generally, a Section 754 Election would be advantageous to a transferee U.S. Holder if such holder's tax basis in its units were higher than such units' share of the aggregate tax basis of our partnership's assets immediately prior to the transfer. In that case, as a result of the Section 754 Election, the transferee U.S. Holder would have a higher tax basis in its share of our partnership's assets for purposes of calculating, among other items, such holder's share of any gain or loss on a sale of our partnership's assets. Conversely, a Section 754 Election would be disadvantageous to a transferee U.S. Holder if such holder's tax basis in its units were lower than such units' share of the aggregate tax basis of our partnership's assets immediately prior to the transfer. Thus, the fair market value of our units may be affected either favourably or adversely by the election.

Whether or not the Section 754 Election is made, if our units are transferred at a time when our partnership has a "substantial built-in loss" in its assets, our partnership will be obligated to reduce the tax basis in the portion of such assets attributable to such units.

The calculations involved in the Section 754 Election are complex, and our General Partner advises that it will make such calculations on the basis of assumptions as to the value of our partnership assets and other matters. Each U.S. Holder should consult its own tax adviser as to the effects of the Section 754 Election.

Uniformity of Our Units

Because we cannot match transferors and transferees of our units, we must maintain the uniformity of the economic and tax characteristics of our units to a purchaser of our units. In the absence of uniformity, we may be unable to comply fully with a number of U.S. federal income tax requirements. A lack of uniformity can result from a literal application of certain Treasury Regulations to our partnership's Section 743(b) adjustments, a determination that our partnership's Section 704(c) allocations are unreasonable, or other reasons. Section 704(c) allocations would be intended to reduce or eliminate the disparity between tax basis and the value of our partnership's assets in certain circumstances, including on the issuance of additional units. In order to maintain the fungibility of all of our units at all times, we will seek to achieve the uniformity of U.S. tax treatment for all purchasers of our units which are acquired at the same time and price (irrespective of the identity of the particular seller of our units or the time when our units are issued by our partnership), through the application of certain tax accounting principles that our General Partner believes are reasonable for our partnership. However, the IRS may disagree with us and may successfully challenge our application of such tax accounting principles. Any non-uniformity could have a negative impact on the value of our units.

Foreign Currency Gain or Loss

Our partnership's functional currency is the U.S. dollar, and our partnership's income or loss is calculated in U.S. dollars. It is likely that our partnership will recognize "foreign currency" gain or loss with respect to transactions involving non-U.S. dollar currencies. In general, foreign currency gain or loss is treated as ordinary income or loss. You should consult your own tax adviser regarding the tax treatment of foreign currency gain or loss.

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Passive Foreign Investment Companies

U.S. Holders may be subject to special rules applicable to indirect investments in foreign corporations, including an investment through our partnership in a PFIC. A PFIC is defined as any foreign corporation with respect to which (after applying certain look-through rules) either (i) 75% or more of its gross income for a taxable year is "passive income" or (ii) 50% or more of its assets in any taxable year (generally based on the quarterly average of the value of its assets) produce or are held for the production of "passive income". There are no minimum stock ownership requirements for PFICs. If you hold an interest in a foreign corporation for any taxable year during which the corporation is classified as a PFIC with respect to you, then the corporation will continue to be classified as a PFIC with respect to you for any subsequent taxable year during which you continue to hold an interest in the corporation, even if the corporation's income or assets would not cause it to be a PFIC in such subsequent taxable year, unless an exception applies.

Subject to certain elections described below, any gain on the disposition of stock of a PFIC owned by you indirectly through our partnership, as well as income realized on certain "excess distributions" by such PFIC, would be treated as though realized ratably over the shorter of your holding period of our units or our partnership's holding period for the PFIC. Such gain or income generally would be taxable as ordinary income, and dividends paid by the PFIC would not be eligible for the preferential tax rates for dividends paid to non-corporate U.S. Holders. In addition, an interest charge would apply, based on the tax deemed deferred from prior years. To the extent reasonably practicable, we intend to make distributions of the earnings of each entity we are able to identify as a PFIC not less frequently than annually so as to minimize the likelihood that you will have excess distributions with respect to any such entity. However, because we cannot assure that will be the case, and because any gains on a sale of any such entity would remain subject to the PFIC tax regime, we urge you to consider making any applicable election described below.

If you were to elect to treat your share of our partnership's interest in a PFIC as a "qualified electing fund" ("QEF Election"), for the first year you were treated as holding such interest, then in lieu of the tax consequences described in the paragraph immediately above, you would be required to include in income each year a portion of the ordinary earnings and net capital gains of the PFIC, even if not distributed to our partnership or to you. A QEF Election must be made by you on an entity-by-entity basis. To make a QEF Election, you must, among other things, (i) obtain a PFIC annual information statement (through an intermediary statement supplied by our partnership) and (ii) prepare and submit IRS Form 8621 with your annual income tax return. To the extent reasonably practicable, we intend to timely provide you with information related to the PFIC status of each entity we are able to identify as a PFIC, including information necessary to make a QEF Election with respect to each such entity. Any such election should be made for the first year our partnership holds an interest in such entity or for the first year in which you hold our units, if later. Under certain circumstances, we may be permitted to make a QEF Election on behalf of all U.S. Holders with respect to a PFIC held indirectly. However, no assurance can be provided that we will make any such QEF Election, if available.

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Once you have made a QEF Election for an entity, such election applies to any additional shares of interest in such entity acquired directly or indirectly, including through additional units acquired after the QEF Election is made (such as units acquired under the distribution reinvestment plan). If you were to make a QEF Election after the first year that you were treated as holding an interest in a PFIC, the adverse tax consequences relating to PFIC stock would continue to apply with respect to the pre-QEF Election period, unless you were to make a "purging election". The purging election would create a deemed sale of your previously held share of our partnership's interests in a PFIC. The gain recognized by the purging election would be subject to the special tax and interest charge rules, which treat the gain as an excess distribution, as described above. As a result of the purging election, you would have a new basis and holding period in your share of our partnership's interests in the PFIC. U.S. Holders should consult their own tax advisers as to the manner in which such direct inclusions could affect their allocable share of our partnership's income and their tax basis in our units and the advisability of making a QEF Election or a purging election.

Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code contain special rules for applying the 3.8% Medicare tax (as described above under "—Medicare Tax") to U.S. persons owning an interest in a PFIC. Under the special rules, if you are a non-corporate U.S. Holder that has made a QEF Election with respect to our partnership's interest in a PFIC, then you are permitted to make a special election to treat your share of the ordinary earnings and net capital gains of the PFIC as net investment income for purposes of the 3.8% Medicare tax. If you do not make the special election, then you may be required to calculate your basis in our units for purposes of the 3.8% Medicare tax in a manner that differs from the calculation of your basis in our units for U.S. federal income tax purposes generally. You should consult your own tax adviser regarding the implications of the special election, as well as the other implications of the 3.8% Medicare tax and the Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code for your ownership and disposition of our units.

In the case of a PFIC that is a publicly traded foreign company, and in lieu of making a QEF Election, an election may be made to "mark to market" the stock of such publicly traded foreign company on an annual basis. Pursuant to such an election, you would include in each year as ordinary income the excess, if any, of the fair market value of such stock over its adjusted basis at the end of the taxable year. However, none of the current Holding Entities or operating entities are expected to be publicly traded, although our partnership may in the future acquire interests in PFICs which are publicly traded foreign companies. Thus the mark-to-market election is not expected to be available to any U.S. Holder in respect of its indirect ownership interest in any of the current Holding Entities or operating entities.

Based on our organizational structure, as well as our expected income and assets, our General Partner currently believes that a U.S. Holder is unlikely to be regarded as owning an interest in a PFIC solely by reason of owning our units for the taxable year ending December 31, 2017. However, our General Partner believes that some of our operating entities may have been PFICs in prior taxable years. In addition, we may decide to hold an existing or future operating entity through a Holding Entity that would be a PFIC in order to ensure that our partnership satisfies the Qualifying Income Exception, among other reasons. See "—Investment Structure", below. Accordingly, there can be no assurance that a current or future investment will not qualify as a PFIC.

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Subject to certain exceptions, a U.S. person who directly or indirectly owns an interest in a PFIC generally is required to file an annual report with the IRS, and the failure to file such report could result in the imposition of penalties on such U.S. person and in the extension of the statute of limitations with respect to federal income tax returns filed by such U.S. person. You should consult your own tax adviser regarding the PFIC rules, including the foregoing filing requirements, as well as the advisability of making a QEF Election, a special election under the Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code, or a mark-to-market election, as applicable, with respect to any PFIC in which you are treated as owning an interest through our partnership.

Controlled Foreign Corporations

A non-U.S. entity will be treated as a CFC if it is treated as a corporation for U.S. federal income tax purposes and more than 50% of (i) the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote or (ii) the total value of the stock of the non-U.S. entity is owned by U.S. Shareholders on any day during the taxable year of such non-U.S. entity. For this purpose, a "U.S. Shareholder" with respect to a non-U.S. entity means a U.S. person (including a U.S. partnership) that owns 10% or more of the total combined voting power of all classes of stock of the non-U.S. entity entitled to vote.

If a U.S. partnership in which we own an interest is a U.S. Shareholder of a CFC, then a U.S. Holder may be required to include in income its allocable share of the CFC's "Subpart F" income. Subpart F income generally includes dividends, interest, net gain from the sale or disposition of securities, non-actively managed rents, and certain other generally passive types of income. The aggregate Subpart F income inclusions in any taxable year relating to a particular CFC are limited to such CFC's current earnings and profits. These inclusions are treated as ordinary income (whether or not such inclusions are attributable to net capital gains). Thus, a U.S. Holder may be required to report as ordinary income its allocable share of the CFC's Subpart F income without corresponding receipts of cash and may not benefit from capital gain treatment with respect to the portion of any earnings attributable to net capital gains of the CFC.

Your tax basis in your units will be increased to reflect any required Subpart F income inclusions. Such income will be treated as income from sources within the United States, for certain foreign tax credit purposes, to the extent derived by the CFC from U.S. sources. Such income will not be eligible for the reduced rate of tax applicable to certain dividends paid by qualified foreign corporations to individual U.S. persons. See above under "—Consequences to U.S. Holders—Holding of Our Units—Income and Loss". Amounts included as Subpart F income with respect to direct and indirect investments generally will not be taxable again when actually distributed by the CFC.

Whether or not any CFC has Subpart F income, any gain allocated to you from our disposition of an equity interest in a CFC will be treated as dividend income to the extent of your allocable share of the current and/or accumulated earnings and profits of the CFC. In this regard, earnings would not include any amounts previously taxed pursuant to the CFC rules. However, net losses (if any) of a CFC will not pass through to U.S. Holders.

As described above under "—Passive Foreign Investment Companies", Treasury Regulations under Section 1411 of the U.S. Internal Revenue Code contain special rules for applying the 3.8% Medicare tax to U.S. persons owning an interest in a PFIC. Similar rules apply to U.S. Shareholders of a CFC. You should consult your own tax adviser regarding the implications of these special rules.

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If a non-U.S. entity held by us through a U.S. partnership (treated as a U.S. Shareholder of such non-U.S. entity) is classified as both a CFC and a PFIC, then you will be required to include amounts in income with respect to such non-U.S. entity under this subheading, and the consequences described under "—Passive Foreign Investment Companies" above will not apply. If such U.S. partnership ceases to be a U.S. Shareholder with respect to such non-U.S. entity, then you may be subject to the PFIC rules.

Based on our organizational structure, the General Partner currently believes that one or more of our existing Holding Entities and operating entities are likely to be classified as CFCs. Moreover, we may in the future acquire certain investments or operating entities through one or more Holding Entities treated as corporations for U.S. federal income tax purposes, and such future Holding Entities or other companies in which we acquire an interest may be treated as CFCs. You should consult your own tax adviser regarding the implications of the CFC rules for your ownership and disposition of our units.

Investment Structure

To ensure that our partnership meets the Qualifying Income Exception for publicly traded partnerships (discussed above) and complies with certain requirements in our Limited Partnership Agreement, among other reasons, our partnership may structure certain investments through an entity classified as a corporation for U.S. federal income tax purposes. Such investments will be structured as determined in the sole discretion of our General Partner generally to be tax efficient for our unitholders. However, because our unitholders will be located in numerous taxing jurisdictions, no assurance can be given that any such investment structure will benefit all our unitholders to the same extent, and such an investment structure might even result in additional tax burdens on some unitholders. As discussed above, if any such entity were a non-U.S. corporation, it might be considered a PFIC or CFC. If any such entity were a U.S. corporation, it would be subject to U.S. federal net income tax on its income, including any gain recognized on the disposition of its investments. In addition, if the investment were to involve U.S. real property, gain recognized on the disposition of the investment by a corporation generally would be subject to corporate-level tax, whether the corporation were a U.S. or a non-U.S. corporation.

U.S. Withholding Taxes

Although each U.S. Holder is required to provide us with an IRS Form W-9, we nevertheless may be unable to accurately or timely determine the tax status of our unitholders for purposes of determining whether U.S. withholding applies to payments made by our partnership to some or all of our unitholders. In such a case, payments made by our partnership to U.S. Holders might be subject to U.S. "backup" withholding at the applicable rate or other U.S. withholding taxes. You would be able to treat as a credit your allocable share of any U.S. withholding taxes paid in the taxable year in which such withholding taxes were paid and, as a result, you might be entitled to a refund of such taxes from the IRS. In the event you transfer or otherwise dispose of some or all of your units, special rules might apply for purposes of determining whether you or the transferee of such units were subject to U.S. withholding taxes in respect of income allocable to, or distributions made on account of, such units or entitled to refunds of any such taxes withheld. See below "Administrative Matters—Certain Effects of a Transfer of Units". You should consult your own tax adviser regarding the treatment of U.S. withholding taxes.

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Transferor/Transferee Allocations

Our partnership may allocate items of income, gain, loss, and deduction using a monthly convention, whereby any such items recognized in a given month by our partnership are allocated to our unitholders as of a specified date of such month. As a result, if you transfer your units, you might be allocated income, gain, loss, and deduction realized by our partnership after the date of the transfer. Similarly, if you acquire additional units, you might be allocated income, gain, loss, and deduction realized by our partnership prior to your ownership of such units.

Section 706 of the U.S. Internal Revenue Code generally governs allocations of items of partnership income and deductions between transferors and transferees of partnership interests, and the Treasury Regulations provide a safe harbor allowing a publicly traded partnership to use a monthly simplifying convention for such purposes. However, it is not clear that our partnership's allocation method complies with the requirements. If our partnership's convention were not permitted, the IRS might contend that our partnership's taxable income or losses must be reallocated among our unitholders. If such a contention were sustained, your tax liabilities might be adjusted to your detriment. Our General Partner is authorized to revise our partnership's method of allocation between transferors and transferees (as well as among investors whose interests otherwise vary during a taxable period).

U.S. Federal Estate Tax Consequences

If our units are included in the gross estate of a U.S. citizen or resident for U.S. federal estate tax purposes, then a U.S. federal estate tax might be payable in connection with the death of such person. Individual U.S. Holders should consult their own tax advisers concerning the potential U.S. federal estate tax consequences with respect to our units.

Certain Reporting Requirements

A U.S. Holder who invests more than $100,000 in our partnership may be required to file IRS Form 8865 reporting the investment with such U.S. Holder's U.S. federal income tax return for the year that includes the date of the investment. You may be subject to substantial penalties if you fail to comply with this and other information reporting requirements with respect to an investment in our units. You should consult your own tax adviser regarding such reporting requirements.

U.S. Taxation of Tax-Exempt U.S. Holders of Our Units

Income recognized by a U.S. tax-exempt organization is exempt from U.S. federal income tax except to the extent of the organization's UBTI. UBTI is defined generally as any gross income derived by a tax-exempt organization from an unrelated trade or business that it regularly carries on, less the deductions directly connected with that trade or business. In addition, income arising from a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) that holds operating assets or is otherwise engaged in a trade or business generally will constitute UBTI. Notwithstanding the foregoing, UBTI generally does not include any dividend income, interest income, certain other categories of passive income, or capital gains realized by a tax-exempt organization, so long as such income is not "debt-financed", as discussed below. Our General Partner believes that our partnership should not be regarded as engaged in a trade or business, and anticipates that any operating assets held by our partnership will be held through entities that are treated as corporations for U.S. federal income tax purposes.

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The exclusion from UBTI does not apply to income from "debt-financed property", which is treated as UBTI to the extent of the percentage of such income that the average acquisition indebtedness with respect to the property bears to the average tax basis of the property for the taxable year. If an entity treated as a partnership for U.S. federal income tax purposes incurs acquisition indebtedness, a tax-exempt partner in such partnership will be deemed to have acquisition indebtedness equal to its allocable portion of such acquisition indebtedness. If any such indebtedness were used by our partnership or by the Holding LP to acquire property, such property generally would constitute debt-financed property, and any income from or gain from the disposition of such debt-financed property allocated to a tax-exempt organization generally would constitute UBTI to such tax-exempt organization. In addition, even if such indebtedness were not used either by our partnership or by the Holding LP to acquire property but were instead used to fund distributions to our unitholders, if a tax-exempt organization subject to taxation in the United States were to use such proceeds to make an investment outside our partnership, the IRS might assert that such investment constitutes debt-financed property to such unitholder with the consequences noted above. Our partnership and the Holding LP currently do not have any outstanding indebtedness used to acquire property, and our General Partner does not believe that our partnership or the Holding LP will generate UBTI attributable to debt-financed property in the future. Moreover, our General Partner intends to use commercially reasonable efforts to structure our activities to avoid generating UBTI. However, neither our partnership nor the Holding LP is prohibited from incurring indebtedness, and no assurance can be provided that neither our partnership nor the Holding LP will generate UBTI attributable to debt-financed property in the future. Tax-exempt U.S. Holders should consult their own tax advisers regarding the tax consequences of an investment in our units.

Consequences to Non-U.S. Holders

Our General Partner intends to use commercially reasonable efforts to structure the activities of our partnership and the Holding LP, respectively, to avoid the realization by our partnership and the Holding LP, respectively, of income treated as effectively connected with a U.S. trade or business, including effectively connected income attributable to the sale of a "United States real property interest", as defined in the U.S. Internal Revenue Code. Specifically, our partnership intends not to make an investment, whether directly or through an entity which would be treated as a partnership for U.S. federal income tax purposes, if our General Partner believes at the time of such investment that such investment would generate income treated as effectively connected with a U.S. trade or business. If, as anticipated, our partnership is not treated as engaged in a U.S. trade or business or as deriving income which is treated as effectively connected with a U.S. trade or business, and provided that a Non-U.S. Holder is not itself engaged in a U.S. trade or business, then such Non-U.S. Holder generally will not be subject to U.S. tax return filing requirements solely as a result of owning our units and generally will not be subject to U.S. federal income tax on its allocable share of our partnership's interest and dividends from non-U.S. sources or gain from the sale or other disposition of securities or real property located outside of the United States.

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However, there can be no assurance that the law will not change or that the IRS will not deem our partnership to be engaged in a U.S. trade or business. If, contrary to our General Partner's expectations, our partnership is treated as engaged in a U.S. trade or business, then a Non-U.S. Holder generally would be required to file a U.S. federal income tax return, even if no effectively connected income were allocable to it. If our partnership were to have income treated as effectively connected with a U.S. trade or business, then a Non-U.S. Holder would be required to report that income and would be subject to U.S. federal income tax at the regular graduated rates. In addition, our partnership might be required to withhold U.S. federal income tax on such Non-U.S. Holder's distributive share of such income. A corporate Non-U.S. Holder might also be subject to branch profits tax at a rate of 30%, or at a lower treaty rate, if applicable. Finally, if our partnership were treated as engaged in a U.S. trade or business, a portion of any gain realized by a Non-U.S. Holder upon the sale or exchange of its units could be treated as income effectively connected with a U.S. trade or business and therefore subject to U.S. federal income tax at the regular graduated rates.

In general, even if our partnership is not engaged in a U.S. trade or business, and assuming you are not otherwise engaged in a U.S. trade or business, you will nonetheless be subject to a withholding tax of 30% on the gross amount of certain U.S.-source income which is not effectively connected with a U.S. trade or business. Income subjected to such a flat tax rate is income of a fixed or determinable annual or periodic nature, including dividends and certain interest income. Such withholding tax may be reduced or eliminated with respect to certain types of income under an applicable income tax treaty between the United States and your country of residence or under the "portfolio interest" rules or other provisions of the U.S. Internal Revenue Code, provided that you provide proper certification as to your eligibility for such treatment. Notwithstanding the foregoing, and although each Non-U.S. Holder is required to provide us with an IRS Form W-8, we nevertheless may be unable to accurately or timely determine the tax status of our investors for purposes of establishing whether reduced rates of withholding apply to some or all of our investors. In such a case, your allocable share of distributions of U.S.-source dividend and interest income will be subject to U.S. withholding tax at a rate of 30%. Further, if you would not be subject to U.S. tax based on your tax status or otherwise were eligible for a reduced rate of U.S. withholding, you might need to take additional steps to receive a credit or refund of any excess withholding tax paid on your account, which could include the filing of a non-resident U.S. income tax return with the IRS. Among other limitations applicable to claiming treaty benefits, if you reside in a treaty jurisdiction which does not treat our partnership as a pass-through entity, you might not be eligible to receive a refund or credit of excess U.S. withholding taxes paid on your account. In the event you transfer or otherwise dispose of some or all of your units, special rules may apply for purposes of determining whether you or the transferee of such units are subject to U.S. withholding taxes in respect of income allocable to, or distributions made on account of, such units or entitled to refunds of any such taxes withheld. See "—Administrative Matters—Certain Effects of a Transfer of Units". You should consult your own tax adviser regarding the treatment of U.S. withholding taxes.

Special rules may apply to any Non-U.S. Holder (i) that has an office or fixed place of business in the United States; (ii) that is present in the United States for 183 days or more in a taxable year; or (iii) that is (a) a former citizen or long-term resident of the United States, (b) a foreign insurance company that is treated as holding a partnership interest in our partnership in connection with its U.S. business, (c) a PFIC, or (d) a corporation that accumulates earnings to avoid U.S. federal income tax. You should consult your own tax adviser regarding the application of these special rules.

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Taxes in Other Jurisdictions

In addition to U.S. federal income tax consequences, an investment in our partnership could subject you to U.S. state and local taxes in the U.S. state or locality in which you are a resident for tax purposes. You could also be subject to tax return filing obligations and income, franchise, or other taxes, including withholding taxes, in non-U.S. jurisdictions in which we invest. We will attempt, to the extent reasonably practicable, to structure our operations and investments so as to avoid income tax filing obligations by U.S. Holders in non-U.S. jurisdictions. However, there may be circumstances in which we are unable to do so. Income or gain from investments held by our partnership may be subject to withholding or other taxes in jurisdictions outside the United States, except to the extent an income tax treaty applies. If you wish to claim the benefit of an applicable income tax treaty, you might be required to submit information to tax authorities in such jurisdictions. You should consult your own tax adviser regarding the U.S. state, local, and non-U.S. tax consequences of an investment in our partnership.

Administrative Matters

Information Returns and Audit Procedures

We have agreed to use commercially reasonable efforts to furnish to you, within 90 days after the close of each calendar year, U.S. tax information (including IRS Schedule K-1) which describes on a U.S. dollar basis your share of our partnership's income, gain, loss and deduction for our preceding taxable year. However, providing this U.S. tax information to our unitholders will be subject to delay in the event of, among other reasons, the late receipt of any necessary tax information from lower-tier entities. It is therefore possible that, in any taxable year, you will need to apply for an extension of time to file your tax returns. In addition, unitholders that do not ordinarily have U.S. federal tax filing requirements will not receive a Schedule K-1 and related information unless such unitholders request it within 60 days after the close of each calendar year. In preparing this U.S. tax information, we will use various accounting and reporting conventions, some of which have been mentioned in the previous discussion, to determine your share of income, gain, loss and deduction. The IRS may successfully contend that certain of these reporting conventions are impermissible, which could result in an adjustment to your income or loss.

Our partnership may be audited by the IRS. Adjustments resulting from an IRS audit could require you to adjust a prior year's tax liability and result in an audit of your own tax return. Any audit of your tax return could result in adjustments not related to our partnership's tax returns, as well as those related to our partnership's tax returns. Under the Bipartisan Budget Act of 2015, for taxable years beginning after December 31, 2017, if the IRS makes an audit adjustment to our income tax returns, it may assess and collect any taxes (including penalties and interest) resulting from such audit adjustment directly from our partnership instead of unitholders (as under prior law). We may be permitted to elect to have our General Partner and our unitholders take such audit adjustment into account in accordance with their interests in us during the taxable year under audit. However, there can be no assurance that we will choose to make such election or that it will be available in all circumstances. If we do not make the election, and we pay taxes, penalties, or interest as a result of an audit adjustment, then cash available for distribution to our unitholders might be substantially reduced. As a result, our current unitholders might bear some or all of the cost of the tax liability resulting from such audit adjustment, even if our current unitholders did not own our units during the taxable year under audit. The foregoing considerations also apply with respect to our partnership's interest in the Holding LP. These rules do not apply to our partnership or the Holding LP for taxable years beginning on or before December 31, 2017.

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For taxable years beginning on or before December 31, 2017, our General Partner will act as our partnership's "tax matters partner." As the tax matters partner, our General Partner will have the authority, subject to certain restrictions, to act on behalf of our partnership in connection with any administrative or judicial review of our partnership's items of income, gain, loss, deduction, or credit. For taxable years beginning after December 31, 2017, a "partnership representative" designated by our partnership will have the sole authority to act on behalf of our partnership in connection with such administrative or judicial review. In particular, our partnership representative will have the sole authority to bind both our former and current unitholders and to make certain elections on behalf of our partnership pursuant to the Bipartisan Budget Act of 2015.

The application of the Bipartisan Budget Act of 2015 to our partnership and our unitholders is uncertain and remains subject to Treasury Regulations and IRS guidance yet to be issued. You should consult your own tax adviser regarding the implications of the Bipartisan Budget Act of 2015 for an investment in our units.

Tax Shelter Regulations and Related Reporting Requirements

If we were to engage in a "reportable transaction", we (and possibly our unitholders) would be required to make a detailed disclosure of the transaction to the IRS in accordance with regulations governing tax shelters and other potentially tax-motivated transactions. A transaction may be a reportable transaction based upon any of several factors, including the fact that it is a type of tax avoidance transaction publicly identified by the IRS as a "listed transaction" or "transaction of interest", or that it produces certain kinds of losses in excess of $2 million (or, in the case of certain foreign currency transactions, losses in excess of $50,000). An investment in our partnership may be considered a "reportable transaction" if, for example, our partnership were to recognize certain significant losses in the future. In certain circumstances, a unitholder who disposes of an interest in a transaction resulting in the recognition by such holder of significant losses in excess of certain threshold amounts may be obligated to disclose its participation in such transaction. Certain of these rules are unclear, and the scope of reportable transactions can change retroactively. Therefore, it is possible that the rules may apply to transactions other than significant loss transactions.

Moreover, if we were to participate in a reportable transaction with a significant purpose to avoid or evade tax, or in any listed transaction, you might be subject to significant accuracy-related penalties with a broad scope, for those persons otherwise entitled to deduct interest on federal tax deficiencies, non-deductibility of interest on any resulting tax liability, and in the case of a listed transaction, an extended statute of limitations. We do not intend to participate in any reportable transaction with a significant purpose to avoid or evade tax, nor do we intend to participate in any listed transactions. However, no assurance can be provided that the IRS will not assert that we have participated in such a transaction.

You should consult your own tax adviser concerning any possible disclosure obligation under the regulations governing tax shelters with respect to the disposition of our units.

Taxable Year

Our partnership uses the calendar year as its taxable year for U.S. federal income tax purposes. Under certain circumstances which we currently believe are unlikely to apply, a taxable year other than the calendar year may be required for such purposes.

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Constructive Termination

Our partnership will be considered to have been terminated for U.S. federal income tax purposes if there is a sale or exchange of 50% or more of our units within a 12-month period. A constructive termination of our partnership would result in the close of its taxable year for all unitholders. If a unitholder reports on a taxable year other than a fiscal year ending on our partnership's year-end, and the unitholder is otherwise subject to U.S. federal income tax, the closing of our partnership's taxable year may result in more than 12 months of our partnership's taxable income or loss being includable in such unitholder's taxable income for the year of the termination. We would be required to make new tax elections after a termination, including a new Section 754 Election. A constructive termination could also result in penalties and other adverse tax consequences if we were unable to determine that the termination had occurred. Moreover, a constructive termination might either accelerate the application of, or subject our partnership to, any tax legislation enacted before the termination.

Withholding and Backup Withholding

For each calendar year, we will report to you and to the IRS the amount of distributions that we pay, and the amount of tax (if any) that we withhold on these distributions. The proper application to our partnership of the rules for withholding under Sections 1441 through 1446 of the U.S. Internal Revenue Code (applicable to certain dividends, interest, and amounts treated as effectively connected with a U.S. trade or business, among other items) is unclear. Because the documentation we receive may not properly reflect the identities of unitholders at any particular time (in light of possible sales of our units), we may over-withhold or under-withhold with respect to a particular unitholder. For example, we may impose withholding, remit such amount to the IRS and thus reduce the amount of a distribution paid to a Non-U.S. Holder. It may be the case, however, that the corresponding amount of our income was not properly allocable to such holder, and the appropriate amount of withholding should have been less than the actual amount withheld. Such Non-U.S. Holder would be entitled to a credit against the holder's U.S. federal income tax liability for all withholding, including any such excess withholding. However, if the withheld amount were to exceed the holder's U.S. federal income tax liability, the holder would need to apply for a refund to obtain the benefit of such excess withholding. Similarly, we may fail to withhold on a distribution, and it may be the case that the corresponding income was properly allocable to a Non-U.S. Holder and that withholding should have been imposed. In such case, we intend to pay the under-withheld amount to the IRS, and we may treat such under-withholding as an expense that will be borne indirectly by all unitholders on a pro rata basis (since we may be unable to allocate any such excess withholding tax cost to the relevant Non-U.S. Holder).

Under the backup withholding rules, you may be subject to backup withholding tax with respect to distributions paid unless: (i) you are an exempt recipient and demonstrate this fact when required; or (ii) provide a taxpayer identification number, certify as to no loss of exemption from backup withholding tax, and otherwise comply with the applicable requirements of the backup withholding tax rules. A U.S. Holder that is exempt should certify such status on a properly completed IRS Form W-9. A Non-U.S. Holder may qualify as an exempt recipient by submitting a properly completed IRS Form W-8. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund from the IRS, provided you supply the required information to the IRS in a timely manner.

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If you do not timely provide our partnership, or the applicable nominee, broker, clearing agent, or other intermediary, with IRS Form W-9 or IRS Form W-8, as applicable, or such form is not properly completed, then our partnership may become subject to U.S. backup withholding taxes in excess of what would have been imposed had our partnership or the applicable intermediary received properly completed forms from all unitholders. For administrative reasons, and in order to maintain the fungibility of our units, such excess U.S. backup withholding taxes, and if necessary similar items, may be treated by our partnership as an expense that will be borne indirectly by all unitholders on a pro rata basis (e.g., since it may be impractical for us to allocate any such excess withholding tax cost to the unitholders that failed to timely provide the proper U.S. tax forms).

Foreign Account Tax Compliance

FATCA imposes a 30% withholding tax on "withholdable payments" made to a "foreign financial institution" or a "non-financial foreign entity", unless such financial institution or entity satisfies certain information reporting or other requirements. Withholdable payments include certain U.S.-source income, such as interest, dividends, and other passive income. Beginning January 1, 2019, withholdable payments also include gross proceeds from the sale or disposition of property that can produce U.S.-source interest or dividends. We intend to comply with FATCA, so as to ensure that the 30% withholding tax does not apply to any withholdable payments received by our partnership, the Holding LP, the Holding Entities, or the operating entities. Nonetheless, the 30% withholding tax may also apply to your allocable share of distributions attributable to withholdable payments, unless you properly certify your FATCA status on IRS Form W-8 or IRS Form W-9 (as applicable) and satisfy any additional requirements under FATCA.

In compliance with FATCA, information regarding certain unitholders' ownership of our units may be reported to the IRS or to a non-U.S. governmental authority. FATCA remains subject to modification by an applicable intergovernmental agreement between the United States and another country, such as the agreement in effect between the United States and Bermuda for cooperation to facilitate the implementation of FATCA, or by future Treasury Regulations or guidance. You should consult your own tax adviser regarding the consequences under FATCA of an investment in our units.

Information Reporting with Respect to Foreign Financial Assets

Under Treasury Regulations, U.S. individuals that own "specified foreign financial assets" with an aggregate fair market value exceeding either $50,000 on the last day of the taxable year or $75,000 at any time during the taxable year generally are required to file an information report with respect to such assets with their tax returns. Significant penalties may apply to persons who fail to comply with these rules. Specified foreign financial assets include not only financial accounts maintained in foreign financial institutions, but also, unless held in accounts maintained by a financial institution, any stock or security issued by a non-U.S. person, any financial instrument or contract held for investment that has an issuer or counterparty other than a U.S. person, and any interest in a foreign entity. These information reporting requirements also apply to U.S. corporations, partnerships and trusts formed or availed of for purposes of holding, directly or indirectly, specified foreign financial assets. The failure to report information required under the current regulations could result in substantial penalties and in the extension of the statute of limitations with respect to federal income tax returns filed by you. You should consult your own tax adviser regarding the possible implications of these Treasury Regulations for an investment in our units.

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Certain Effects of a Transfer of Units

Our partnership may allocate items of income, gain, loss, deduction, and credit using a monthly convention, whereby any such items recognized in a given month by our partnership are allocated to our unitholders as of a specified date of such month. Any U.S. withholding taxes applicable to dividends received by the Holding LP (and, in turn, our partnership) generally will be withheld by our partnership only when such dividends are paid. Because our partnership generally intends to distribute amounts received in respect of dividends shortly after receipt of such amounts, it is generally expected that any U.S. withholding taxes withheld by our partnership on such amounts will correspond to our unitholders who were allocated income and who received the distributions in respect of such amounts. The Holding LP may invest in debt obligations or other securities for which the accrual of interest or income thereon is not matched by a contemporaneous receipt of cash. Any such accrued interest or other income would be allocated pursuant to such monthly convention. Consequently, our unitholders may recognize income in excess of cash distributions received from our partnership, and any income so included by a unitholder would increase the basis such unitholder has in our units and would offset any gain (or increase the amount of loss) realized by such unitholder on a subsequent disposition of its units. In addition, U.S. withholding taxes generally would be withheld by our partnership only on the payment of cash in respect of such accrued interest or other income, and, therefore, it is possible that some unitholders would be allocated income which might be distributed to a subsequent unitholder, and such subsequent unitholder would be subject to withholding at the time of distribution. As a result, the subsequent unitholder, and not the unitholder who was allocated income, would be entitled to claim any available credit with respect to such withholding.

The Holding LP has invested and will continue to invest in certain Holding Entities and operating entities organized in non-U.S. jurisdictions, and income and gain from such investments may be subject to withholding and other taxes in such jurisdictions. If any such non-U.S. taxes were imposed on income allocable to a U.S. Holder, and such holder were thereafter to dispose of its units prior to the date distributions were made in respect of such income, under applicable provisions of the U.S. Internal Revenue Code and Treasury Regulations, the unitholder to whom such income was allocated (and not the unitholder to whom distributions were ultimately made) would, subject to other applicable limitations, be the party permitted to claim a credit for such non-U.S. taxes for U.S. federal income tax purposes. Thus a unitholder may be affected either favourably or adversely by the foregoing rules. Complex rules may, depending on a unitholder's particular circumstances, limit the availability or use of foreign tax credits, and you are urged to consult your own tax adviser regarding all aspects of foreign tax credits.

Nominee Reporting

Persons who hold an interest in our partnership as a nominee for another person may be required to furnish to us:

(i) the name, address and taxpayer identification number of the beneficial owner and the nominee;

(ii) whether the beneficial owner is (a) a person that is not a U.S. person, (b) a foreign government, an international organization, or any wholly-owned agency or instrumentality of either of the foregoing, or (c) a tax-exempt entity;

(iii) the amount and description of units held, acquired, or transferred for the beneficial owner; and

(iv) specific information including the dates of acquisitions and transfers, means of acquisitions and transfers, and acquisition cost for purchases, as well as the amount of net proceeds from sales.

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Brokers and financial institutions may be required to furnish additional information, including whether they are U.S. persons and specific information on units they acquire, hold, or transfer for their own account. A penalty of $250 per failure (as adjusted for inflation), up to a maximum of $3,000,000 per calendar year (as adjusted for inflation), generally is imposed by the U.S. Internal Revenue Code for the failure to report such information to us. The nominee is required to supply the beneficial owner of our units with the information furnished to us.

New Legislation or Administrative or Judicial Action

The U.S. federal income tax treatment of our unitholders depends, in some instances, on determinations of fact and interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. You should be aware that the U.S. federal income tax rules, particularly those applicable to partnerships, are constantly under review (including currently) by the Congressional tax-writing committees and other persons involved in the legislative process, the IRS, the U.S. Treasury Department and the courts, frequently resulting in revised interpretations of established concepts, statutory changes, revisions to regulations and other modifications and interpretations, any of which could adversely affect the value of our units and be effective on a retroactive basis. For example, changes to the U.S. federal tax laws and interpretations thereof could make it more difficult or impossible for our partnership to be treated as a partnership that is not taxable as a corporation for U.S. federal income tax purposes, change the character or treatment of portions of our partnership's income (including changes that recharacterize certain allocations as potentially non-deductible fees), reduce the net amount of distributions available to our unitholders, or otherwise affect the tax considerations of owning our units. Such changes could also affect or cause our partnership to change the way it conducts its activities and adversely affect the value of our units.

Our partnership's organizational documents and agreements permit our General Partner to modify our Limited Partnership Agreement from time to time, without the consent of our unitholders, to elect to treat our partnership as a corporation for U.S. federal tax purposes, or to address certain changes in U.S. federal income tax regulations, legislation or interpretation. In some circumstances, such revisions could have a material adverse impact on some or all of our unitholders.

THE FOREGOING DISCUSSION IS NOT INTENDED AS A SUBSTITUTE FOR CAREFUL TAX PLANNING. THE TAX MATTERS RELATING TO OUR PARTNERSHIP AND UNITHOLDERS ARE COMPLEX AND ARE SUBJECT TO VARYING INTERPRETATIONS. MOREOVER, THE EFFECT OF EXISTING INCOME TAX LAWS, THE MEANING AND IMPACT OF WHICH IS UNCERTAIN, AND OF PROPOSED CHANGES IN INCOME TAX LAWS WILL VARY WITH THE PARTICULAR CIRCUMSTANCES OF EACH UNITHOLDER, AND IN REVIEWING THIS ANNUAL REPORT ON FORM 20-F THESE MATTERS SHOULD BE CONSIDERED. EACH UNITHOLDER SHOULD CONSULT ITS OWN TAX ADVISER WITH RESPECT TO THE U.S. FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES OF ANY INVESTMENT IN OUR UNITS.

CERTAIN MATERIAL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the following portion of the summary, references to our "units" are to the limited partnership units in our partnership, including the preferred units, and references to our "unitholders" are to the holders of our units and preferred units.

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The following is a summary of the principal Canadian federal income tax consequences under the Tax Act of the holding and disposition of units in our partnership generally applicable to a holder who, for purposes of the Tax Act and at all relevant times, holds our units as capital property, deals at arm's length with and is not affiliated with our partnership, the Holding LP, our General Partner or their respective affiliates (a "Holder"). Generally, our units will be considered to be capital property to a Holder, provided that the Holder does not use or hold our units in the course of carrying on a business of trading or dealing in securities, and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a Holder: (i) that is a "financial institution" (as defined in the Tax Act) for purposes of the "mark-to-market" property rules; (ii) that is a "specified financial institution" (as defined in the Tax Act); (iii) who makes or has made a functional currency reporting election pursuant to section 261 of the Tax Act; (iv) an interest in which would be a "tax shelter investment" (as defined in the Tax Act) or who acquires our units as a "tax shelter investment" (and this summary assumes that no such persons hold our units); (v) that has, directly or indirectly, a "significant interest" (as defined in subsection 34.2(1) of the Tax Act) in our partnership; (vi) if any affiliate of our partnership is, or becomes as part of a series of transactions that includes the acquisition of our units, a "foreign affiliate" (for purposes of the Tax Act) to such Holder or to any corporation that does not deal at arm's length with such Holder for purposes of the Tax Act, or (vii) that has entered or will enter into a "derivative forward agreement" (as defined in the Tax Act) in respect of our units. Any such Holders should consult their own tax advisors with respect to an investment in our units.

This summary is based on the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"), and the current published administrative and assessing policies and practices of the CRA. This summary assumes that all Tax Proposals will be enacted in the form proposed but no assurance can be given that the Tax Proposals will be enacted in the form proposed or at all.

This summary does not otherwise take into account or anticipate any changes in law, whether by judicial, administrative or legislative decision or action, or changes in the CRA's administrative and assessing policies and practices, nor does it take into account provincial, territorial or foreign income tax legislation or considerations, which may differ significantly from those described herein. This summary is not exhaustive of all possible Canadian federal income tax consequences that may affect unitholders. Holders should consult their own tax advisors in respect of the provincial, territorial or foreign income tax consequences to them of holding and disposing of our units.

This summary also assumes that neither our partnership nor the Holding LP is a "tax shelter" (as defined in the Tax Act) or a "tax shelter investment". However, no assurance can be given in this regard.

This summary also assumes that neither our partnership nor the Holding LP will be a "SIFT partnership" at any relevant time for purposes of the SIFT Rules on the basis that neither our partnership nor the Holding LP will be a "Canadian resident partnership" at any relevant time. However, there can be no assurance that the SIFT Rules will not be revised or amended such that the SIFT Rules will apply.

This summary does not address the deductibility of interest on money borrowed to acquire our units.

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This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representation with respect to the Canadian federal income tax consequences to any particular Holder is made. Consequently, Holders are advised to consult their own tax advisors with respect to their particular circumstances. See also Item 3.D "Risk Factors—Risks Related to Taxation—Canada".

For purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of our units must be expressed in Canadian dollars including any distributions, adjusted cost base and proceeds of disposition. For purposes of the Tax Act, amounts denominated in a currency other than the Canadian dollar generally must be converted into Canadian dollars using the appropriate exchange rate determined in accordance with the detailed rules in the Tax Act in that regard.

Holders Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is resident or deemed to be resident in Canada ("Canadian Holder").

Computation of Income or Loss

Each Canadian Holder is required to include (or, subject to the "at-risk rules" discussed below, entitled to deduct) in computing his or her income for a particular taxation year, the Canadian Holder's share of the income (or loss) of our partnership for its fiscal year ending in, or coincidentally with, the Canadian Holder's taxation year end, whether or not any of that income is distributed to the Canadian Holder in the taxation year and regardless of whether or not our units were held throughout such year.

Our partnership will not itself be a taxable entity and is not expected to be required to file an income tax return in Canada for any taxation year. However, the income (or loss) of our partnership for a fiscal period for purposes of the Tax Act will be computed as if it were a separate person resident in Canada and the partners will be allocated a share of that income (or loss) in accordance with our partnership's Limited Partnership Agreement. The income (or loss) of our partnership will include our partnership's share of the income (or loss) of the Holding LP for a fiscal year determined in accordance with the Holding LP's limited partnership agreement. For this purpose, our partnership's fiscal year end and that of the Holding LP will be December 31.

The income for tax purposes of our partnership for a given fiscal year will be allocated to each Canadian Holder in an amount calculated by multiplying such income that is allocable to unitholders by a fraction, the numerator of which is the sum of the distributions received by such Canadian Holder with respect to such fiscal year and the denominator of which is the aggregate amount of the distributions made by our partnership to all partners with respect to such fiscal year, subject to adjustment in respect of distributions on the preferred units that are in satisfaction of accrued distributions on the preferred units that were not paid in a previous fiscal year of our partnership where our General Partner determines that the allocation to preferred unitholders based on such distributions would result in a preferred unitholder being allocated more income than it would have been if the distributions were paid in the fiscal year of our partnership in which they were accrued.

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If, with respect to a given fiscal year, no distribution is made by our partnership or our partnership has a loss for tax purposes, one quarter of the income, or loss, as the case may be, for tax purposes of our partnership for such fiscal year that is allocable to unitholders, will be allocated to the Canadian Holders of record at the end of each calendar quarter ending in such fiscal year as follows: (i) to the holders of preferred units in respect of the preferred units held by them on each such date, such amount of our partnership's income or loss for tax purposes, as the case may be, as our General Partner determines is reasonable in the circumstances having regard to such factors as our General Partner considers to be relevant, including, without limitation, the relative amount of capital contributed to our partnership on the issuance of preferred units as compared to all other units and the relative fair market value of the preferred units, as the case may be, as compared to all other units, and (ii) to the partners other than in respect of the preferred units, the remaining amount of our partnership's income or loss for tax purposes, as the case may be, pro rata in the proportion that the number of units of our partnership (other than the preferred units) held at each such date by a unitholder is of the total number of units of our partnership (other than the preferred units) that are issued and outstanding at each such date.

The income of our partnership as determined for purposes of the Tax Act may differ from its income as determined for accounting purposes and may not be matched by cash distributions. In addition, for purposes of the Tax Act, all income (or losses) of our partnership and the Holding LP must be calculated in Canadian currency. Where our partnership (or the Holding LP) holds investments denominated in U.S. dollars or other foreign currencies, gains and losses may be realized by our partnership as a consequence of fluctuations in the relative values of the Canadian and foreign currencies.

In computing the income (or loss) of our partnership, deductions may be claimed in respect of reasonable administrative costs, interest and other expenses incurred by our partnership for the purpose of earning income, subject to the relevant provisions of the Tax Act. Our partnership may also deduct from its income for the year a portion of the reasonable expenses, if any, incurred by our partnership to issue units. The portion of such issue expenses deductible by our partnership in a taxation year is 20% of such issue expenses, pro-rated where our partnership's taxation year is less than 365 days.

In general, a Canadian Holder's share of any income (or loss) from our partnership from a particular source will be treated as if it were income (or loss) of the Canadian Holder from that source, and any provisions of the Tax Act applicable to that type of income (or loss) will apply to the Canadian Holder. Our partnership will invest in partnership units of the Holding LP. In computing our partnership's income (or loss) under the Tax Act, the Holding LP will itself be deemed to be a separate person resident in Canada which computes its income (or loss) and allocates to its partners their respective share of such income (or loss). Accordingly, the source and character of amounts included in (or deducted from) the income of Canadian Holders on account of income (or loss) earned by the Holding LP generally will be determined by reference to the source and character of such amounts when earned by the Holding LP.

A Canadian Holder's share of taxable dividends received or considered to be received by our partnership in a fiscal year from a corporation resident in Canada will be treated as a dividend received by the Canadian Holder and will be subject to the normal rules in the Tax Act applicable to such dividends, including the enhanced gross-up and dividend tax credit for "eligible dividends" (as defined in the Tax Act) when the dividend received by the Holding LP is designated as an "eligible dividend".

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Foreign taxes paid by our partnership or the Holding LP and taxes withheld at source on amounts paid or credited to our partnership or the Holding LP (other than for the account of a particular partner) will be allocated pursuant to the governing partnership agreement. Each Canadian Holder's share of the "business-income tax" and "non-business-income tax" paid to the government of a foreign country for a year will be creditable against its Canadian federal income tax liability to the extent permitted by the detailed foreign tax credit rules contained in the Tax Act. Although the foreign tax credit rules are designed to avoid double taxation, the maximum credit is limited. Because of this, and because of timing differences in recognition of expenses and income and other factors, the foreign tax credit rules may not provide a full foreign tax credit for the "business-income tax" and "non-business-income tax" paid by our partnership or the Holding LP to the government of a foreign country. The Tax Act contains anti-avoidance rules to address certain foreign tax credit generator transactions. Under the Foreign Tax Credit Generator Rules, the foreign "business-income tax" or "non-business-income tax" allocated to a Canadian Holder for the purpose of determining such Canadian Holder's foreign tax credit for any taxation year may be limited in certain circumstances, including where a Canadian Holder's share of the income of our partnership or the Holding LP under the income tax laws of any country (other than Canada) under whose laws the income of our partnership or the Holding LP is subject to income taxation (the "Relevant Foreign Tax Law") is less than the Canadian Holder's share of such income for purposes of the Tax Act. For this purpose, a Canadian Holder is not considered to have a lesser direct or indirect share of the income of our partnership or the Holding LP under the Relevant Foreign Tax Law than for the purposes of the Tax Act solely because, among other reasons, of a difference between the Relevant Foreign Tax Law and the Tax Act in the manner of computing the income of our partnership or the Holding LP or in the manner of allocating the income of our partnership or the Holding LP because of the admission or withdrawal of a partner. No assurance can be given that the Foreign Tax Credit Generator Rules will not apply to any Canadian Holder. If the Foreign Tax Credit Generator Rules apply, the allocation to a Canadian Holder of foreign "business-income tax" or "non-business-income tax" paid by our partnership or the Holding LP, and therefore such Canadian Holder's foreign tax credits, will be limited.

Our partnership and the Holding LP will be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to the Holding LP will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to the treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to the Holding LP, our General Partner expects the Holding Entities to look-through the Holding LP and our partnership to the residency of the partners of our partnership (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-resident partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to the Holding LP. However, there can be no assurance that the CRA will apply its administrative practice in this context. Under the Treaty, a Canadian-resident payer is required in certain circumstances to look-through fiscally transparent partnerships, such as our partnership and the Holding LP, to the residency and Treaty entitlements of their partners and to take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty.

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If our partnership incurs losses for tax purposes, each Canadian Holder will be entitled to deduct in the computation of income for tax purposes the Canadian Holder's share of any net losses for tax purposes of our partnership for its fiscal year to the extent that the Canadian Holder's investment is "at-risk" within the meaning of the Tax Act. The Tax Act contains "at-risk rules" which may, in certain circumstances, restrict the deduction of a limited partner's share of any losses of a limited partnership. Our General Partner does not anticipate that our partnership or the Holding LP will incur losses but no assurance can be given in this regard. Accordingly, Canadian Holders should consult their own tax advisors for specific advice with respect to the potential application of the "at-risk rules".

Section 94.1 of the Tax Act contains rules relating to interests held by a taxpayer in Non-Resident Entities that could, in certain circumstances, cause income to be imputed to Canadian Holders, either directly or by way of allocation of such income imputed to our partnership or the Holding LP. These rules would apply if it is reasonable to conclude, having regard to all the circumstances, that one of the main reasons for the Canadian Holder, our partnership or the Holding LP acquiring, holding or having an investment in a Non-Resident Entity is to derive a benefit from "portfolio investments" in certain assets from which the Non-Resident Entity may reasonably be considered to derive its value in such a manner that taxes under the Tax Act on income, profits and gains from such assets for any year are significantly less than they would have been if such income, profits and gains had been earned directly. In determining whether this is the case, section 94.1 of the Tax Act provides that consideration must be given to, among other factors, the extent to which the income, profits and gains for any fiscal period are distributed in that or the immediately following fiscal period. No assurance can be given that section 94.1 of the Tax Act will not apply to a Canadian Holder, our partnership or the Holding LP. If these rules apply to a Canadian Holder, our partnership or the Holding LP, income, determined by reference to a prescribed rate of interest plus two percent applied to the "designated cost" (as defined in section 94.1 of the Tax Act) of the interest in the Non-Resident Entity, will be imputed directly to the Holder or to our partnership or the Holding LP and allocated to the Canadian Holder in accordance with the rules in section 94.1 of the Tax Act. The rules in section 94.1 of the Tax Act are complex and Canadian Holders should consult their own tax advisors regarding the application of these rules to them in their particular circumstances.

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Certain of the Non-Resident Subsidiaries in which the Holding LP directly invests are expected to be CFAs of the Holding LP. Dividends paid to the Holding LP by a CFA of the Holding LP will be included in computing the income of the Holding LP. To the extent that any CFA or Indirect CFA of the Holding LP earns income that is characterized as FAPI in a particular taxation year of the CFA or Indirect CFA, the FAPI allocable to the Holding LP under the rules in the Tax Act must be included in computing the income of the Holding LP for Canadian federal income tax purposes for the fiscal period of the Holding LP in which the taxation year of that CFA or Indirect CFA ends, whether or not the Holding LP actually receives a distribution of that FAPI. Our partnership will include its share of such FAPI of the Holding LP in computing its income for Canadian federal income tax purposes and Canadian Holders will be required to include their proportionate share of such FAPI allocated from our partnership in computing their income for Canadian federal income tax purposes. As a result, Canadian Holders may be required to include amounts in their income even though they have not and may not receive an actual cash distribution of such amounts. If an amount of FAPI is included in computing the income of the Holding LP for Canadian federal income tax purposes, an amount may be deductible in respect of the "foreign accrual tax" applicable to the FAPI. Any amount of FAPI included in income net of the amount of any deduction in respect of "foreign accrual tax" will increase the adjusted cost base to the Holding LP of its shares of the particular CFA in respect of which the FAPI was included. At such time as the Holding LP receives a dividend of this type of income that was previously included in the Holding LP's income as FAPI, such dividend will effectively not be included in computing the income of the Holding LP and there will be a corresponding reduction in the adjusted cost base to the Holding LP of the particular CFA shares. Under the Foreign Tax Credit Generator Rules, the "foreign accrual tax" applicable to a particular amount of FAPI included in the Holding LP's income in respect of a particular "foreign affiliate" of the Holding LP may be limited in certain specified circumstances, including where the direct or indirect share of the income allocated to any member of the Holding LP (which is deemed for this purpose to include a Canadian Holder) that is a person resident in Canada or a "foreign affiliate" of such a person is, under a Relevant Foreign Tax Law, less than such member's share of such income for purposes of the Tax Act. No assurance can be given that the Foreign Tax Credit Generator Rules will not apply to the Holding LP. For this purpose, a Canadian Holder is not considered to have a lesser direct or indirect share of the income of the Holding LP under the Relevant Foreign Tax Law than for the purposes of the Tax Act solely because, among other reasons, of a difference between the Relevant Foreign Tax Law and the Tax Act in the manner of computing the income of the Holding LP or in the manner of allocating the income of the Holding LP because of the admission or withdrawal of a partner. If the Foreign Tax Credit Generator Rules apply, the "foreign accrual tax" applicable to a particular amount of FAPI included in the Holding LP's income in respect of a particular "foreign affiliate" of the Holding LP will be limited.

Disposition of Units

The disposition (or deemed disposition) by a Canadian Holder of a unit of any class or series will result in the realization of a capital gain (or capital loss) by such Canadian Holder in the amount, if any, by which the proceeds of disposition of the unit, less any reasonable costs of disposition, exceed (or are exceeded by) the adjusted cost base of such unit.

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Subject to the general rules on averaging of cost base, the adjusted cost base of each class or series of a Canadian Holder's units would generally be equal to: (i) the actual cost of such class or series of units (excluding any portion thereof financed with limited recourse indebtedness); plus (ii) the share of the income of our partnership allocated to the Canadian Holder for fiscal years of our partnership ending before the relevant time in respect of the particular class or series of units; less (iii) the aggregate of the share of losses of our partnership allocated to the Canadian Holder (other than losses which cannot be deducted because they exceed the Canadian Holder's "at-risk" amount) for the fiscal years of our partnership ending before the relevant time in respect of the particular class or series of units; and less (iv) the Canadian Holder's distributions from our partnership made before the relevant time in respect of the particular class or series of units.

The foregoing discussion of the calculation of the adjusted cost base assumes that each class or series of partnership interests in our partnership are treated as separate property for purposes of the Tax Act. However, the CRA's position is to treat all the different types of interests in a partnership that a partner may hold as one capital property, including for purposes of determining the adjusted cost base of all such partnership interests. As a result, on a disposition of a particular type of unit, a partner's total adjusted cost base is required to be allocated in a reasonable manner to the particular type of unit being disposed of. As acknowledged by the CRA, there is no particular method for determining a reasonable allocation of the adjusted cost base of a partnership interest to the part of the partnership interest that is disposed of. Furthermore, more than one method may be reasonable. If the CRA's position applies, on a disposition by a Canadian Holder of a particular type of units of our partnership, the Canadian Holder should generally be able to allocate his or her adjusted cost base in a manner that treats the different classes and series of units of our partnership as separate property. Accordingly, the General Partner intends to provide unitholders with partnership information returns using such allocation.

Where a Canadian Holder disposes of all of its units in our partnership, it will no longer be a partner of our partnership. If, however, a Canadian Holder is entitled to receive a distribution from our partnership after the disposition of all such units, then the Canadian Holder will be deemed to dispose of such units at the later of: (i) the end of the fiscal year of our partnership during which the disposition occurred; and (ii) the date of the last distribution made by our partnership to which the Canadian Holder was entitled. The share of the income (or loss) of our partnership for tax purposes for a particular fiscal year which is allocated to a Canadian Holder who has ceased to be a partner will generally be added (or deducted) in the computation of the adjusted cost base of the Canadian Holder's units in our partnership immediately prior to the time of the disposition.

A Canadian Holder will generally realize a deemed capital gain if, and to the extent that, the adjusted cost base of the Canadian Holder's units is negative at the end of any fiscal year of our partnership. In such a case, the adjusted cost base of the Canadian Holder's units will be nil at the beginning of the next fiscal year of our partnership.

Canadian Holders should consult their own tax advisors for advice with respect to the specific tax consequences to them of disposing of our units.

Taxation of Capital Gains and Capital Losses

In general, one-half of a capital gain realized by a Canadian Holder must be included in computing such Canadian Holder's income as a taxable capital gain. One-half of a capital loss is deducted as an allowable capital loss against taxable capital gains realized in the year and any remainder may be deducted against net taxable capital gains in any of the three years preceding the year or any year following the year to the extent and under the circumstances described in the Tax Act.

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Special rules in the Tax Act may apply to disallow the one-half treatment on all or a portion of a capital gain realized on a disposition of our units if a partnership interest is acquired by a tax-exempt person or a non-resident person (or by a partnership or trust (other than certain trusts) of which a tax-exempt person or a non-resident person is a member or beneficiary, directly or indirectly through one or more partnerships or trusts (other than certain trusts)). Our General Partner does not expect these rules to apply to any disposition of our units. A Canadian Holder that is throughout the relevant taxation year a "Canadian—controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include taxable capital gains.

Eligibility for Investment

Provided that our units are listed on a "designated stock exchange" (which currently includes the NYSE and the TSX), our units will be "qualified investments" under the Tax Act for a trust governed by an RRSP, deferred profit sharing plan, RRIF, registered education savings plan, registered disability savings plan, and a TFSA.

Notwithstanding the foregoing, an annuitant under an RRSP or RRIF or a holder of a TFSA, as the case may be, may be subject to a penalty tax if our units held in the RRSP, RRIF or TFSA are "prohibited investments" for the RRSP, RRIF or TFSA, as the case may be. Generally, our units will not be a "prohibited investment" for a trust governed by an RRSP, RRIF or TFSA, provided that the annuitant under the RRSP or RRIF or the holder of the TFSA, as applicable, deals at arm's-length with our partnership for purposes of the Tax Act and does not have a "significant interest" in our partnership. Unitholders who hold our units in an RRSP, RRIF or TFSA should consult with their own tax advisors regarding the application of the foregoing prohibited investment rules having regard to their particular circumstances.

Alternative Minimum Tax

Canadian Holders that are individuals or trusts may be subject to the alternative minimum tax rules. Such Canadian Holders should consult their own tax advisors.

Holders Not Resident in Canada

The following portion of the summary is generally applicable to a Holder who, for purposes of the Tax Act and at all relevant times, is not, and is not deemed to be, resident in Canada and who does not use or hold and is not deemed to use or hold its units in connection with a business carried on in Canada (a "Non-Canadian Holder").

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The following portion of the summary assumes that (i) our units are not, and will not at any relevant time constitute, "taxable Canadian property" of any Non-Canadian Holder and (ii) our partnership and the Holding LP will not dispose of property that is "taxable Canadian property". "Taxable Canadian property" includes, but is not limited to, property that is used or held in a business carried on in Canada and shares of corporations that are not listed on a "designated stock exchange" if more than 50% of the fair market value of the shares is derived from certain Canadian properties in the 60-month period immediately preceding the particular time. In general, our units will not constitute "taxable Canadian property" of any Non-Canadian Holder at the time of disposition or deemed disposition, unless (a) at any time during the 60-month period immediately preceding the particular time, more than 50% of the fair market value of our units was derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves "taxable Canadian property"), from one or any combination of (i) real or immovable property situated in Canada; (ii) "Canadian resource properties"; (iii) "timber resource properties"; and (iv) options in respect of, or interests in, or for civil law rights in, such property, whether or not such property exists, or (b) our units are otherwise deemed to be "taxable Canadian property". Since our partnership's assets will consist principally of units of the Holding LP, our units would generally be "taxable Canadian property" at a particular time if the units of the Holding LP held by our partnership derived, directly or indirectly (excluding through a corporation, partnership or trust, the shares or interests in which were not themselves "taxable Canadian property") more than 50% of their fair market value from properties described in (i) to (iv) above, at any time in the 60-month period preceding the particular time. Our General Partner does not expect our units to be "taxable Canadian property" at any relevant time and does not expect our partnership or the Holding LP to dispose of "taxable Canadian property". However, no assurance can be given in these regards. See Item 3.D "Risk Factors—Risks Related to Taxation—Canada".

The following portion of the summary also assumes that neither our partnership nor the Holding LP will be considered to carry on business in Canada. Our General Partner intends to organize and conduct the affairs of each of these entities, to the extent possible, so that neither of these entities should be considered to carry on business in Canada for purposes of the Tax Act. However, no assurance can be given in this regard. If our partnership or the Holding LP carry on business in Canada, the tax implications to our partnership or the Holding LP and to Non-Canadian Holders may be materially and adversely different than as set out herein.

Special rules, which are not discussed in this summary, may apply to a Non-Canadian Holder that is an insurer carrying on business in Canada and elsewhere.

Taxation of Income or Loss

A Non-Canadian Holder will not be subject to Canadian federal income tax under Part I of the Tax Act on its share of income from a business carried on by our partnership (or the Holding LP) outside Canada or the non-business income earned by our partnership (or the Holding LP) from sources in Canada. However, a Non-Canadian Holder may be subject to Canadian federal withholding tax under Part XIII of the Tax Act, as described below.

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Our partnership and the Holding LP will be deemed to be a non-resident person in respect of certain amounts paid or credited or deemed to be paid or credited to them by a person resident or deemed to be resident in Canada, including dividends or interest. Dividends or interest (other than interest not subject to Canadian federal withholding tax) paid or deemed to be paid by a person resident or deemed to be resident in Canada to the Holding LP will be subject to withholding tax under Part XIII of the Tax Act at the rate of 25%. However, the CRA's administrative practice in similar circumstances is to permit the rate of Canadian federal withholding tax applicable to such payments to be computed by looking through the partnership and taking into account the residency of the partners (including partners who are resident in Canada) and any reduced rates of Canadian federal withholding tax that any non-resident partners may be entitled to under an applicable income tax treaty or convention, provided that the residency status and entitlement to the treaty benefits can be established. In determining the rate of Canadian federal withholding tax applicable to amounts paid by the Holding Entities to the Holding LP, our General Partner expects the Holding Entities to look-through the Holding LP and our partnership to the residency of the partners of our partnership (including partners who are resident in Canada) and to take into account any reduced rates of Canadian federal withholding tax that non-resident partners may be entitled to under an applicable income tax treaty or convention in order to determine the appropriate amount of Canadian federal withholding tax to withhold from dividends or interest paid to the Holding LP. However, there can be no assurance that the CRA will apply its administrative practice in this context. Under the Treaty, a Canadian-resident payer is required in certain circumstances to look-through fiscally transparent partnerships such as our partnership and the Holding LP to the residency and Treaty entitlements of their partners and take into account the reduced rates of Canadian federal withholding tax that such partners may be entitled to under the Treaty.

AUSTRALIAN TAX CONSIDERATIONS

Set out below are general Australian income tax implications for Australian tax resident holders of units (Australian Holders).

This is not tax advice an Australian Holder can rely on. The individual circumstances of each Australian Holder will affect the taxation implications of each Australian Holder's interest in our partnership. Australian Holders should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances.

The discussion is primarily intended for Australian Holders who hold their interest in our partnership on capital account. Different outcomes will potentially arise for Australian Holders who are investing on revenue account. Those Australian Holders should seek professional taxation advice in relation to their interest in our partnership.

The summary of the Australian income tax implications set out below is based on established judicial and administrative interpretations of the *Income Tax Assessment Act 1997* (Cth) ("ITAA 1997"), the *Income Tax Assessment Act 1936* (Cth) ("ITAA 1936") and the *Taxation Administration Act 1953* (Cth) ("Administration Act") as at the date of this annual report.

Summary

The key Australian income tax implications for Australian Holders of units are set out below:

Our partnership should be classified as a "corporate limited partnership" for Australian income tax purposes as:

- it satisfies the definition of "corporate limited partnership"; and

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- it is not either a "venture capital limited partnership", an "early stage venture capital limited partnership", an "Australian venture capital fund of funds" or a "venture capital management partnership"; and
- it is not a "foreign hybrid limited partnership".

On the basis that our partnership is a corporate limited partnership it should be treated as a company for Australian tax purposes.

Our partnership is a non-resident of Australia for tax purposes and therefore, should not be subject to income tax in Australia except for any income sourced in Australia, or in respect of certain capital gains that relate to "taxable Australian property" as detailed in the ITAA 1997.

Distributions made by our partnership to Australian Holders should be characterized as dividends for Australian income tax purposes and included in Australian Holders' assessable unfranked dividend income.

Australian Holders should not be subject to income tax on an accruals basis under the Controlled Foreign Company rules. This conclusion is dependent on the quantum and nature of the interests held in our partnership.

The disposal of units by Australian Holders should give rise to a capital gains tax ("CGT") event for the Australian Holders. Broadly, Australian Holders that hold their units on capital account should realize a capital gain (or loss) equal to the difference between any capital proceeds received and the cost base (or reduced cost base) of the units.

Characterization of the Partnership

Definition of "limited partnership"

A limited partnership is defined in section 995-1 of the ITAA 1997 and means:

a. an association of persons (other than a company) carrying on business as partners or in receipt of ordinary income or statutory income jointly, where the liability of at least one of those persons is limited; or

b. an association of persons (other than one referred to in paragraph (a)) with legal personality separate from those persons that was formed solely for the purpose of becoming a "venture capital limited partnership" ("VCLP"), an "early stage venture capital limited partnership" ("ESVCLP"), an "Australian venture capital fund of funds" ("AFOF") or a "venture capital management partnership" ("VCMP") and to carry on activities that are carried on by a body of that kind.

There is no requirement as to where or under which law the liability is limited. For tax purposes, the liability is limited if it is effectively limited under the laws applying to the partnership (as per the partnership agreement). Our partnership should be a limited partnership for Australian tax purposes.

Definition of "corporate limited partnership"

Under subsection 94D(1)(a) of the ITAA 1936, a partnership will be a corporate limited partnership in relation to the year of income of the partnership if the year of income is the 1995-96 year of income or a later year of income. Our partnership should be a corporate limited partnership under subsection 94D(1) of the above definition.

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Subsection 94D(2) of the ITAA 1936 specifically excludes from a corporate limited partnership a VCLP, ESVCLP, or AFOF. A requirement for each of these definitions is that the partnership be registered either in Australia or a country prescribed by relevant regulations or be an Australian resident. Our partnership is registered in Bermuda and is not a resident of Australia. Bermuda is not a country prescribed by relevant regulations. Therefore our partnership will not be a VCLP, ESVCLP or AFOF. A VCLP is defined by reference to the *Venture Capital Act 2002*. Our partnership, as a Bermudian Exempted Limited Partnership, will not be excluded from the definition of a corporate limited partnership as subsection 9-1(1) of the Venture Capital Act requires of a VCLP that:

(a) the partnership was established by or under a law in force in, or in any part of:

I. Australia; or

II. a foreign country in respect of which a double tax agreement (as defined in Part X of the ITAA 1936) is in force; and

(b) all of the partners who are general partners are residents of a country referred to in paragraph (a).

Definition of "foreign hybrid limited partnership"

Pursuant to sub-section 94D(5) of the ITAA 1936, an exception to our partnership being a corporate limited partnership applies if it is a "foreign hybrid limited partnership" ("FHLP"), as defined in section 830-10 of the ITAA 1997. A limited partnership will be a FHLP if:

a. it was formed in a foreign country (i.e. other than Australia); and

b. foreign income tax is imposed under the law of the foreign country on the partners, not the limited partnership, in respect of the income or profits of the partnership for the income year; and

c. at no time during the income year is the limited partnership, for the purposes of a law of any foreign country that imposes foreign income tax on entities because they are residents of the foreign country, a resident of that country; and

d. disregarding subsection 94D(5) of the ITAA 1936, at no time during the income year is it an Australian resident; and

e. disregarding that subsection, in relation to the same income year of another taxpayer:

I. the limited partnership is a Controlled Foreign Company at the end of a statutory accounting period that ends in the income year; and

II. at the end of the statutory accounting period, the taxpayer is an attributable taxpayer in relation to the Controlled Foreign Company with an attribution percentage greater than nil.

Paragraph (a) should be met on the basis that our partnership was formed in Bermuda. Paragraph (b) would not be met on the basis that Bermuda does not impose any tax on income, profits, dividends or wealth. Therefore, there is no foreign tax imposed under the laws of Bermuda on the partners of our partnership and this paragraph will not be satisfied. This position is confirmed by the Australia Taxation Office ("ATO") in ATO ID 2006/149. On the basis that paragraph (b) is not met, our partnership should not be a FHLP.

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Conclusion

Our partnership should be classified as a corporate limited partnership for Australian income tax purposes in accordance with section 94D of the ITAA 1997. The consequences of that include that our partnership is treated as a company for the purposes of applying Australian domestic income tax law (sections 94J and 94K of the ITAA 1936). Accordingly, Australian Holders' units in our partnership should be treated as shares in a company.

Partnership distributions to Australian Holders

Australian Holders will potentially receive distributions from our partnership. Distributions will be treated as dividends on the basis that our partnership is a corporate limited partnership for Australian tax purposes. The distributions should be treated as unfranked dividends to Australian Holders.

Our partnership will not provide information to enable Australian Holders to determine whether a return of capital has been made for Australian tax purposes. Therefore, Australian Holders should treat all distributions as unfranked dividends.

The taxation treatment of a partnership dividend received by Australian Holders will vary depending on the type of Australian Holder. Australian Holders should seek further independent advice in relation to the nature of future distributions received from our partnership.

Set out below is a summary of how different types of Australian Holders should treat a distribution received from our partnership.

Australian tax resident individuals

Distributions received by Australian tax resident individuals should in most cases be included in their Australian assessable income. Australian Holders should be entitled to an Australian foreign income tax offset which reduces the Australian tax payable on assessable dividends by up to an amount of any foreign income tax withheld by our partnership.

Australian Holders should seek independent advice in relation to their entitlement to Australian foreign income tax offsets to the extent foreign tax is withheld.

Australian tax resident companies

The taxation treatment of a dividend received by an Australian tax resident company is the same as that described above for an Australian tax resident individual.

Australian tax resident trusts

The comments below relate to Australian tax resident beneficiaries who are not under a legal disability where those beneficiaries are presently entitled to income of an Australian resident trust. If the beneficiary is under a legal disability, we recommend those beneficiaries seek independent professional taxation advice.

Distributions in the form of dividend income should either be included in the trustee's, or the beneficiary's, assessable income, as the case may be. The tax treatment of the dividend then depends on the tax status of the Australian resident trust and the legal identity of the beneficiary as an individual, a company or a trust (refer to comments above).

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Australian tax resident superannuation funds

Dividends paid to an Australian tax resident superannuation fund should be included in the fund's Australian assessable income. Superannuation funds should be entitled to an Australian foreign income tax offset against the Australian tax payable on assessable dividends of up to the amount of any foreign income tax withheld by our partnership on the distribution.

Australian Holders should seek further independent advice in relation to their entitlement to Australian foreign income tax offsets to the extent foreign tax is withheld on our partnership distributions.

Documentation for Australian Holders

Australian Holders with income tax years that end on 30 June will not receive any documentation from our partnership that will correlate directly to a 30 June income tax year end. Australian Holders will need to rely on distribution payment statements to support their Australian income tax disclosures.

Australian CGT implications for Australian Holders

Cost base of the Partnership Units

The cost base of the units for Australian Holders who bought their units in our partnership directly should equal the money paid for those units plus any incidental costs of acquisition and disposal of the units (e.g. broker's fees, borrowing expenses).

Where an Australian Holder received the units as consideration for entering into the Merger Transaction, the cost base or reduced cost base of the units acquired is made up of a number of elements including the money paid or market value of property given to acquire the units. That amount should be the market value of the Prime Infrastructure securities exchanged for the units under the Merger Transaction plus the incidental costs of acquisition and disposal of the Prime Infrastructure securities (if any).

On the basis that our partnership and the Prime Infrastructure security holders were acting at arm's length, the market value of the Prime Infrastructure securities disposed of under the Merger Transaction should be the same as the market value of the units received in exchange.

The acquisition date for the units for CGT purposes should be the date the units were allotted to the Prime Infrastructure security holders (8 December 2010 Australian Eastern Standard Time).

The market value of the units may be determined by reference to the NYSE/TSX VWAP of these units on 8 December 2010 (A$20.651 per unit).

Disposal of units

In the event Australian Holders dispose of units, a capital gain should arise where the sale proceeds received exceed an Australian Holders' cost base in the units. A capital loss should arise where the Australian Holders' reduced cost base exceeds the sale proceeds. The time that the CGT event occurs is when the contract is entered into or, if there is no contract, when the change of ownership occurs.

Partnership distributions should be treated as unfranked dividends and no CGT cost base reduction should be calculated as a result of the distributions.

Where the proceeds received are in foreign currency (e.g. US$ or C$), these should be converted into A$ at the daily average exchange rate for the day of the sale (the date the sale contract is entered into). The ATO publish daily average exchange rates on their website (www.ato.gov.au). This may be a different amount than the A$ cash an Australian Holder ultimately receives.

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Accordingly, there may a foreign exchange gain or loss if there are any fluctuations in the exchange rate between the date of the sale contract and the date payment is received by the Australian Holders. To the extent payment is received within 12 months of the date of disposal (the date the sale contract is entered into) of the units any such foreign exchange realization gains or losses will be capital in nature and subject to the CGT provisions (i.e. included in the overall gain or loss on the disposal of the units).

If payment is received more than 12 months after the contract date, the foreign exchange gain or loss provisions of the ITAA 1997 apply. Australian Holders should seek specific advice in this circumstance.

Discount of capital gain

Provided the units that gave rise to the capital gain were held for at least 12 months prior to the occurrence of the CGT event (excluding the date of acquisition), any net capital gain realized by an Australian Holder on those units (e.g. if a sale were to occur) may qualify for discount capital gains tax treatment.

The discount is taken into account after applying any available capital losses against the capital gain eligible for the discount.

This treatment broadly only applies in respect of units held by Australian Holders that are individuals, trustees of trusts, and trustees of superannuation funds. No such discount is available for corporate Australian Holders.

Where the CGT discount is available, individual Australian Holders (either holding their units directly or indirectly through a trust) may reduce their net capital gain by 50%. For trustees (responsible entities) of superannuation funds, the net capital gain may be reduced by $33^{1}/_{3}$%.

BERMUDA TAX CONSIDERATIONS

In Bermuda there are no taxes on profits, income or dividends, nor is there any capital gains tax, estate duty or death duty. Profits can be accumulated and it is not obligatory to pay dividends. As "exempted undertakings", exempted partnerships and overseas partnerships are entitled to apply for (and will ordinarily receive) an assurance pursuant to the *Exempted Undertakings Tax Protection Act 1966* that, in the event that legislation introducing taxes computed on profits or income, or computed on any capital asset, gain or appreciation, is enacted, such taxes shall not be applicable to the partnership or any of its operations until March 31, 2035. Such an assurance may include the assurance that any tax in the nature of estate duty or inheritance tax shall not be applicable to the units, debentures or other obligations of the partnership.

Exempted partnerships and overseas partnerships fall within the definition of "international businesses" for the purposes of the *Stamp Duties (International Businesses Relief) Act 1990*, which means that instruments executed by or in relation to an exempted partnership or an overseas partnership are exempt from stamp duties (such duties were formerly applicable under the Stamp Duties Act 1976). Thus, stamp duties are not payable upon, for example, an instrument which effects the transfer or assignment of a unit in an exempted partnership or an overseas partnership, or the sale or mortgage of partnership assets; nor are they payable upon the partnership capital.

10.F DIVIDENDS AND PAYING AGENTS

Not applicable.

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10.G STATEMENT BY EXPERTS

Not applicable.

10.H DOCUMENTS ON DISPLAY

Our partnership is subject to the information filing requirements of the Exchange Act, and accordingly we are required to file periodic reports and other information with the SEC. As a foreign private issuer under the SEC's regulations, we file annual reports on Form 20-F and other reports on Form 6-K. The information disclosed in our reports may be less extensive than that required to be disclosed in annual and quarterly reports on Forms 10-K and 10-Q required to be filed with the SEC by U.S. issuers.

Moreover, as a foreign private issuer, we are not subject to the proxy requirements under Section 14 of the Exchange Act, and our directors and principal shareholders are not subject to the insider short swing profit reporting and recovery rules under Section 16 of the Exchange Act. Our SEC filings are available at the SEC's website at www.sec.gov. You may also read and copy any document we file with the SEC at the public reference facilities maintained by the SEC at SEC Headquarters, Public Reference Section, 100 F Street, N.E., Washington D.C. 20549. You may obtain information on the operation of the SEC's public reference facilities by calling the SEC at 1-800-SEC-0330.

In addition, our partnership is required to file documents required by Canadian securities laws electronically with Canadian securities regulatory authorities and these filings are available on our SEDAR profile at www.sedar.com. Written requests for such documents should be directed to our Corporate Secretary at 73 Front Street, Hamilton HM 12, Bermuda.

10.I SUBSIDIARY INFORMATION

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT NON-PRODUCT RELATED MARKET RISK

See the information contained in this annual report on Form 20-F under Item 5.B "Liquidity and Capital Resources—Other Market Risks", Item 5.B "Liquidity and Capital Resources—Foreign Currency Hedging Strategy" and Item 18 "Financial Statements" (Note 6, "Fair Value of Financial Instruments", Note 33, "Derivative Financial Instruments" and Note 34, "Financial Risk Management").

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable.

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PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

Not applicable.

ITEM 15. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of December 31, 2016, an evaluation of the effectiveness of our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) was carried out under the supervision and with the participation of persons performing the functions of principal executive and principal financial officers for us and the Service Provider. Based upon that evaluation, the persons performing the functions of principal executive and principal financial officers for us have concluded that, as of December 31, 2016, our disclosure controls and procedures were effective: (i) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms; and (ii) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the persons performing the functions of principal executive and principal financial officers for us, to allow timely decisions regarding required disclosure.

It should be noted that while our management, including persons performing the functions of principal executive and principal financial officers for us, believe our disclosure controls and procedures provide a reasonable level of assurance that such controls and procedures are effective, they do not expect that our disclosure controls and procedures or internal controls will prevent all error and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including persons performing the functions of principal executive and principal financial officers for us, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2016, based on the criteria set forth in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on evaluation under Internal Control—Integrated Framework, our management concluded that our internal control over financial reporting was effective as of December 31, 2016. Excluded from our evaluation were internal controls over financial reporting at Linx Cargo Care Group Pty Ltd, for which control was acquired on August 18, 2016, Rutas de Lima S.A.C, for which control was acquired on June 28, 2016, Niska Gas Storage Partners L.P., for which control was acquired on July 19, 2016 and BIF India Holdings Pte Ltd, for which control was acquired on March 1, 2016. The financial statements of these entities constitute, in aggregate, 17% of total assets, 19% of partnership capital, 18% of revenue and less than 1% of net income of the consolidated financial statements of our partnership as of and for the year ending December 31, 2016.

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Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Report of Independent Registered Public Accounting Firm

The effectiveness of our internal control over financial reporting as of December 31, 2016 has been audited by Deloitte LLP, Independent Registered Public Accounting Firm, who have also audited the financial statements of our partnership, as stated in their reports which are included herein.

Changes in Internal Control

There was no change in our internal control over financial reporting during the year ended December 31, 2016, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

Our General Partner's board of directors has determined that Danesh Varma possesses specific accounting and financial management expertise, that he is the audit committee financial expert as defined by the U.S. Securities and Exchange Commission and that he is independent within the meaning of the rules of the NYSE. The board of directors of our General Partner has also determined that other members of the audit committee have sufficient experience and ability in finance and compliance matters to enable them to adequately discharge their responsibilities.

ITEM 16B. CODE OF ETHICS

On December 4, 2007, our General Partner adopted a Code of Conduct and Ethics ("Code") that applies to the members of the board of directors of our General Partner, our partnership and any officers or employees of our General Partner. The Code is periodically updated and we have posted a copy of the current Code on our website at https://bip.brookfield.com/corporate-governance/governance-documents.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Our General Partner has retained Deloitte LLP to act as our partnership's Independent Registered Public Accounting Firm.

The table below summarizes the fees for professional services rendered by Deloitte LLP:

	For the year ended December 31,			
	2016		2015	
FEES	USD ('000)	%	USD ('000)	%
Audit fees[1]	**$ 5,335**	**93%**	$ 3,956	74%
Audit-related fees[2]	**354**	**6%**	1,386	26%
All other fees[3]	**75**	**1%**	27	—
Total	**$ 5,764**	**100%**	$ 5,369	100%

(1) Audit fees relate to annual fees for the audits and interim reviews of our partnership and the Holding LP, including its subsidiaries, associates, and joint ventures.

(2) Audit-related fees relate primarily to services pertaining to the filing of our partnership's short form base shelf prospectuses and other securities-related matters.

(3) Other relates to certain permissible operational and pre-acquisition consulting and advisory services performed for subsidiaries of our partnership.

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The audit committee of our General Partner pre-approves all audit and audit-related services provided to our partnership and the Holding LP by Deloitte LLP.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEE

None.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASER

Our partnership may from time-to-time, subject to applicable law, purchase our units or preferred units for cancellation in the open market, provided that any necessary approval has been obtained. Brookfield has also advised our partnership that it may from time-to-time, subject to applicable law, purchase our units in the market without making an offer to all unitholders.

In November 2016, we announced that the TSX accepted a notice filed by our partnership of its intention to renew its normal course issuer bid to repurchase units and Class A Preferred Units. A copy of the notice may be obtained free of charge by contacting our partnership. We believe that at times our units and Class A Preferred Units may trade in a price range that does not fully reflect their value. As a result, from time to time, acquiring our units and Class A Preferred Units for cancellation represents an attractive use of available funds. Under the normal course issuer bid, the board of directors of our General Partner authorized our partnership to repurchase up to 12,181,987 of our units, representing approximately 5% of our issued and outstanding units. Under the normal course issuer bid, our partnership may purchase up to 48,663 units on the TSX during any trading day.

The board of directors of our General Partner also authorized our partnership to repurchase up to 500,000 Series 1 Preferred Units, 500,000 Series 3 Preferred Units and 1,000,000 Series 5 Preferred Units, representing approximately 10% of the public float of the each series of Class A Preferred Units. Under the normal course issuer bid, our partnership may purchase up to 6,854 Series 1 Preferred Units, 8,515 Series 3 Preferred Units and 96,508 Series 5 Preferred Units on the TSX during any trading day. The price to be paid for our Class A Preferred Units under the normal course issuer bid will be the market price of the relevant series of Class A Preferred Units at the time of purchase. The actual number of any particular series of Class A Preferred Units to be purchased and the timing of such purchases will be determined by our partnership, and all purchases will be made through the facilities of the TSX.

Repurchases of units and Class A Preferred Units were authorized to commence on November 10, 2016 and will terminate on November 9, 2017 or earlier should our partnership complete its repurchases prior to such date. The price to be paid for our units and Class A Preferred Units under the normal course issuer bid will be the market price at the time of purchase. The actual number of units and Class A Preferred Units to be purchased and the timing of such purchases will be determined by our partnership, and all purchases will be made through the facilities of the TSX or the NYSE. Repurchases may occur subject to prevailing market conditions and will be funded from available cash. Repurchases will also be subject to compliance with applicable U.S. federal securities laws, including Rule 10b 18 under the Exchange Act, as well as applicable Canadian securities laws. All of our units and Class A Preferred Units acquired by our partnership under the normal course issuer bid will be cancelled.

In the year ended December 31, 2016, we repurchased and cancelled 215,702 of our units at an average unit price of $26.71 under our previous normal course issuer bid for an aggregate of $6 million and we incurred less than $1 million in commission costs. We did not acquire any Class A Preferred Units under our normal course issuer bid.

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The following table provides our repurchase information for our units on a month-by-month basis for the year ended December 31, 2016[1]:

Period	Total Number of Units Purchased	Average Price Paid per Unit	Total Number of Units Purchased as Part of Our Normal Course Issuer Bid[1]	Maximum Number of Units that May Yet Be Purchased under Our Normal Course Issuer Bid[1]
April 2016[2]	215,702	$ 26.71	215,702	12,181,987

(1) Our normal course issuer bid currently in effect was announced on November 8, 2016, and authorizes us to purchase up to 12,181,987 of our units, commencing on November 10, 2016 and expiring on November 9, 2017, or earlier should we complete our repurchases prior to that date. Our normal course issuer bid in effect prior to November 10, 2016 was announced on October 2, 2015, and authorized us to repurchase up to 12,162,137 of our units, commencing on October 6, 2015 and expiring on October 5, 2016.

(2) Brookfield Infrastructure only repurchased our units in April 2016. There was no unit repurchase occurred in the remaining months of 2016.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Our corporate governance practices are not materially different from those required of domestic limited partnerships under the NYSE listing standards.

ITEM 16H. MINE SAFETY DISCLOSURES

Not applicable.

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PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable.

ITEM 18. FINANCIAL STATEMENTS

See the financial statements and notes thereto beginning on page F-1 which are filed as part of this annual report on Form 20-F.

ITEM 19. EXHIBITS

Number	Description
1.1	Certificate of registration of Brookfield Infrastructure Partners L.P., registered as of May 29, 2007—incorporated by reference to Exhibit 1.1 to our partnership's Registration Statement on Form 20-F filed July 31, 2007. (With regard to applicable cross-references in this report, our partnership's registration statement was filed with the SEC under File No. 1-33632).
1.2	Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure Partners L.P., dated February 9, 2017—incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed February 10, 2017.
4.1	Amended and Restated Limited Partnership Agreement of Brookfield Infrastructure L.P., dated February 9, 2017—incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed February 10, 2017.
4.3	Amended and Restated Master Services Agreement, dated March 13, 2015, by and among Brookfield Asset Management Inc., Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., and others—incorporated by reference to Exhibit 4.3 to our partnership's Annual Report on Form 20-F filed March 18, 2015.
4.4	Amended and Restated Relationship Agreement, dated March 28, 2014, by and among Brookfield Asset Management Inc., Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., and others—incorporated by reference to Exhibit 4.3 to our partnership's Annual Report on Form 20-F filed March 28, 2014.
4.5	Registration Rights Agreement, dated December 4, 2007, between Brookfield Infrastructure Partners L.P. and Brookfield Asset Management Inc.—incorporated by reference to Exhibit 4.4 to our partnership's Registration Statement on Form 20-F/A filed December 13, 2007.
4.6	Indenture dated October 10, 2012 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada, as supplemented from time to time—incorporated by reference to Exhibit 4.6 to our partnership's Annual Report on Form 20-F filed March 18, 2015.
4.7	First Supplemental Indenture dated October 10, 2012 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada—incorporated by reference to Exhibit 4.7 to our partnership's Annual Report on Form 20-F filed March 18, 2015.
4.8.	Guarantee dated October 10, 2012 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure Corporation in favour of Computershare Trust Company of Canada—incorporated by reference to Exhibit 4.8 to our partnership's Annual Report on Form 20-F filed March 18, 2015.
4.9	Guarantee dated November 27, 2013 by Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada—incorporated by reference to Exhibit 4.9 to our partnership's Annual Report on Form 20-F filed March 18, 2015.

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Number	Description
4.10	Second Supplemental Indenture dated March 11, 2015 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada—incorporated by reference to Exhibit 4.10 to our partnership's Annual Report on Form 20-F filed March 18, 2015.
4.11	Guarantee dated March 11, 2015 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada—incorporated by reference to Exhibit 4.11 to our partnership's Annual Report on Form 20-F filed March 18, 2015.
4.12	Third Supplemental Indenture dated October 30, 2015 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada—incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed October 30, 2015.
4.13	Guarantee dated October 30, 2015 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada—incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed October 30, 2015.
4.14	Fourth Supplemental Indenture dated October 30, 2015 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada—incorporated by reference to Exhibit 99.3 to our partnership's Form 6-K filed October 30, 2015.
4.15	Guarantee dated October 30, 2015 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada—incorporated by reference to Exhibit 99.4 to our partnership's Form 6-K filed October 30, 2015.
4.16	Fifth Supplemental Indenture dated February 22, 2017 between Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Limited, Brookfield Infrastructure Finance Pty Ltd and Computershare Trust Company of Canada—incorporated by reference to Exhibit 99.1 to our partnership's Form 6-K filed February 22, 2017.
4.17	Guarantee dated February 22, 2017 by Brookfield Infrastructure Partners L.P., Brookfield Infrastructure L.P., BIP Bermuda Holdings I Limited, Brookfield Infrastructure Holdings (Canada) Inc. and Brookfield Infrastructure US Holdings I Corporation in favour of Computershare Trust Company of Canada—incorporated by reference to Exhibit 99.2 to our partnership's Form 6-K filed February 22, 2017.
8.1	Significant Subsidiaries (as defined in §210.1-02 (w) of Regulation S-X) of Brookfield Infrastructure Partners L.P. (Incorporated by reference to Item 4.C, "Organizational Structure").
12.1	Certification of Samuel Pollock, Chief Executive Officer, Brookfield Infrastructure Group L.P., pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002*.*
12.2	Certification of Bahir Manios, Chief Financial Officer, Brookfield Infrastructure Group L.P., pursuant to Section 302 of the *Sarbanes-Oxley Act of 2002*.*
13.1	Certification of Samuel Pollock, Chief Executive Officer, Brookfield Infrastructure Group L.P., pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the *Sarbanes-Oxley Act of 2002*.*
13.2	Certification of Bahir Manios, Chief Financial Officer, Brookfield Infrastructure Group L.P., pursuant to 18 U.S.C. Section 1350, as adopted to Section 906 of the *Sarbanes-Oxley Act of 2002*.*

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Number	Description
15.1	Consent of Deloitte LLP, Independent Registered Public Accounting Firm, relating to the incorporation of the consolidated financial statements of Brookfield Infrastructure Partners L.P. into this Annual Report on Form 20-F.*

* *Filed electronically herewith.*

The registrant hereby agrees to furnish to the SEC at its request copies of long-term debt instruments defining the rights of holders of outstanding long-term debt that are not required to be filed herewith.

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SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing an annual report on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

Dated: March 7, 2017

BROOKFIELD INFRASTRUCTURE PARTNERS L.P. by its general partner, Brookfield Infrastructure Partners Limited

By: /s/ WILLIAM COX

Name: William Cox
Title: *Director*

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Partners of
Brookfield Infrastructure Partners L.P.

We have audited the accompanying consolidated statements of financial position of Brookfield Infrastructure Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2016 and 2015 and the related consolidated statements of operating results, comprehensive income, partnership capital, and cash flows for each of the three years in the period ended December 31, 2016. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States) and Canadian generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Brookfield Infrastructure Partners L.P. and subsidiaries as of December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Partnership's internal control over financial reporting as of December 31, 2016, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 7, 2017 expressed an unqualified opinion on the Partnership's internal control over financial reporting.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 7, 2017
Toronto, Canada

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Partners of
Brookfield Infrastructure Partners L.P.

We have audited the internal control over financial reporting of Brookfield Infrastructure Partners L.P. and subsidiaries (the "Partnership") as of December 31, 2016, based on the criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Annual Report on Internal Control over Financial Reporting, management excluded from its evaluation the internal control over financial reporting at Linx Cargo Care Group Pty Ltd, for which control was acquired on August 18, 2016, Rutas de Lima S.A.C., for which control was acquired on June 28, 2016, Niska Gas Storage Partners L.P., for which control was acquired on July 19, 2016, and BIF India Holdings Pte Ltd, for which control was acquired on March 1, 2016. The financial statements of these entities constitute, in aggregate, 17% of total assets, 19% of partnership capital, 18% of revenues and less than 1% of net income of the consolidated financial statements of the Partnership. Accordingly, our audit did not include the internal control over financial reporting at Linx Cargo Care Group Pty Ltd, Rutas de Lima S.A.C., Niska Gas Storage Partners L.P. and BIF India Holdings Pte Ltd. The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on the criteria established in I*nternal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2016 of the Partnership and our report dated March 7, 2017 expressed an unqualified opinion on those financial statements.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 7, 2017
Toronto, Canada

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

US$ MILLIONS	Notes	As of December 31, 2016	As of December 31, 2015
Assets			
Cash and cash equivalents	7	**$ 786**	$ 199
Financial assets	8	**241**	439
Accounts receivable and other	9	**485**	322
Inventory	10	**101**	13
Assets classified as held for sale	4	**19**	580
Current assets		**1,632**	1,553
Property, plant and equipment	12	**8,656**	7,632
Intangible assets	13	**4,465**	3,296
Investments in associates and joint ventures	11	**4,727**	2,973
Investment properties	15	**154**	153
Goodwill	14	**502**	79
Financial assets	8	**900**	1,913
Other assets	9	**165**	64
Deferred income tax asset	25	**74**	72
Total assets		**$ 21,275**	$ 17,735
Liabilities and Partnership Capital			
Liabilities			
Accounts payable and other	16	**712**	474
Corporate borrowings	18, 19	**295**	—
Non-recourse borrowings	18	**279**	302
Financial liabilities	17	**229**	159
Liabilities directly associated with assets classified as held for sale	4	**—**	275
Current liabilities		**1,515**	1,210
Corporate borrowings	18, 19	**707**	1,380
Non-recourse borrowings	18	**7,045**	5,550
Financial liabilities	17	**152**	423
Other liabilities	16	**580**	601
Deferred income tax liability	25	**1,612**	1,375
Preferred shares	20	**20**	20
Total liabilities		**11,631**	10,559
Partnership capital			
Limited partners		**4,611**	3,838
General partner		**27**	23
Non-controlling interest attributable to:			
Redeemable Partnership Units held by Brookfield	26	**1,860**	1,518
Interest of others in operating subsidiaries		**2,771**	1,608
Preferred unitholders	26	**375**	189
Total partnership capital		**9,644**	7,176
Total liabilities and partnership capital		**$ 21,275**	$ 17,735

The accompanying notes are an integral part of the financial statements.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF OPERATING RESULTS

US$ MILLIONS (except per unit information)	Notes	For the year ended December 31, 2016	2015	2014
Revenues	21	**$ 2,115**	$ 1,855	$ 1,924
Direct operating costs		**(1,063)**	(798)	(846)
General and administrative expenses		**(166)**	(134)	(115)
Depreciation and amortization expense	12, 13	**(447)**	(375)	(380)
		439	548	583
Interest expense	22	**(392)**	(367)	(362)
Share of earnings from investments in associates and joint ventures	11	**248**	69	50
Mark-to-market on hedging items	6	**74**	83	38
Other income (expenses)	6	**174**	54	(1)
Income before income tax		**543**	387	308
Income tax (expense) recovery				
Current	25	**(33)**	(22)	(30)
Deferred	25	**18**	26	(49)
Net income		**$ 528**	$ 391	$ 229
Attributable to:				
Limited partners		**$ 276**	$ 166	$ 101
General partner		**84**	66	44
Non-controlling interest attributable to:				
Redeemable Partnership Units held by Brookfield		**114**	66	39
Interest of others in operating subsidiaries		**41**	90	45
Preferred unitholders		**13**	3	—
Basic and diluted earnings per unit attributable to:				
Limited partners	26	**$ 1.13**	$ 0.69	$ 0.45

The accompanying notes are an integral part of the financial statements.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

US$ MILLIONS	Notes	For the year ended December 31, 2016	2015	2014
Net income		**$ 528**	$ 391	$ 229
Other comprehensive income (loss):				
Items that will not be reclassified subsequently to profit or loss:				
Revaluation of property, plant and equipment	12	**335**	646	547
Unrealized actuarial (losses) gains		**(49)**	26	(45)
Taxes on the above items	25	**(83)**	(131)	(135)
Equity accounted investments	11	**199**	173	115
		402	714	482
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation		**(37)**	(928)	(655)
Cash flow hedge	6	**(1)**	(41)	(41)
Net investment hedge	6	**169**	89	141
Available-for-sale securities	6	**9**	(33)	9
Taxes on the above items	25	**8**	(10)	(5)
Equity accounted investments	11	**26**	7	8
		174	(916)	(543)
Total other comprehensive income (loss)		**576**	(202)	(61)
Comprehensive income		**$ 1,104**	$ 189	$ 168
Attributable to:				
Limited partners	27	**$ 634**	$ 80	$ 68
General partner	27	**88**	65	43
Non-controlling interest attributable to:				
Redeemable Partnership Units held by Brookfield	27	**261**	34	27
Interest of others in operating subsidiaries		**108**	7	30
Preferred unitholders	27	**13**	3	—

The accompanying notes are an integral part of the financial statements.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF PARTNERSHIP CAPITAL

	Limited Partners'					General Partner				Non-Controlling Interest—Redeemable Partnership Units held by Brookfield							
US$ MILLIONS	Limited partners' capital	(Deficit) Retained earnings	Ownership Changes	Accumulated other comprehensive income[1]	Limited partners'	General partner capital	Retained earnings	Accumulated other comprehensive income[1]	General partner	Redeemable units held by Brookfield	(Deficit) Retained earnings	Ownership Changes	Accumulated other comprehensive income[1]	Non-Controlling Interest—Redeemable Partnership Units held by Brookfield	Non-controlling interest—in operating subsidiaries	Preferred Unitholders Capital	Tot partn capi
Balance as at January 1, 2016	$ 3,716	$ (559)	$ 126	$ 555	**$ 3,838**	$ 19	$ —	$ 4	**$ 23**	$ 1,528	$ (245)	$ (19)	$ 254	**$ 1,518**	**$ 1,608**	**$ 189**	**$ 7**
Net income	—	276	—	—	**276**	—	84	—	**84**	—	114	—	—	**114**	**41**	**13**	
Other comprehensive income	—	—	—	358	**358**	—	—	4	**4**	—	—	—	147	**147**	**67**	**—**	
Comprehensive income	—	276	—	358	**634**	—	84	4	**88**	—	114	—	147	**261**	**108**	**13**	**1**
Unit issuance (note 26)	505	—	—	—	**505**	—	—	—	**—**	250	—	—	—	**250**	**—**	**—**	
Unit repurchases (note 26)	(6)	—	—	—	**(6)**	—	—	—	**—**	—	—	—	—	**—**	**—**	**—**	
Partnership distributions (note 28)	—	(377)	—	—	**(377)**	—	(84)	—	**(84)**	—	(154)	—	—	**(154)**	**—**	**(13)**	
Acquisition of subsidiaries (note 5)	—	—	—	—	**—**	—	—	—	**—**	—	—	—	—	**—**	**1,241**	**—**	**1**
Subsidiary distributions to non-controlling interest	—	—	—	—	**—**	—	—	—	**—**	—	—	—	—	**—**	**(169)**	**—**	
Disposition of interests	—	—	—	—	**—**	—	—	—	**—**	—	—	—	—	**—**	**(24)**	**—**	
Preferred unit issuance (note 26)	—	—	—	—	**—**	—	—	—	**—**	—	—	—	—	**—**	**—**	**186**	
Other items (note 4 & 26)	—	177	17	(177)	**17**	—	1	(1)	**—**	—	70	(15)	(70)	**(15)**	**7**	**—**	
Balance as at December 31, 2016	$ 4,215	$ (483)	$ 143	$ 736	**$ 4,611**	$ 19	$ 1	$ 7	**$ 27**	$ 1,778	$ (215)	$ (34)	$ 331	**$ 1,860**	**$ 2,771**	**$ 375**	**$ 9**

	Limited Partners'					General Partner				Non-Controlling Interest—Redeemable Partnership Units held by Brookfield							
US$ MILLIONS	Limited partners' capital	(Deficit) Retained earnings	Ownership Changes	Accumulated other comprehensive income[1]	Limited partners'	General partner capital	Retained earnings	Accumulated other comprehensive income[1]	General partner	Redeemable units held by Brookfield	(Deficit) Retained earnings	Ownership Changes	Accumulated other comprehensive income[1]	Non-Controlling Interest—Redeemable Partnership Units held by Brookfield	Non-controlling interest—in operating subsidiaries	Preferred Unitholders Capital	Tota partne capit
Balance as at January 1, 2015	$ 3,201	$ (400)	$ 77	$ 655	**$ 3,533**	$ 19	$ —	$ 5	**$ 24**	$ 1,178	$ (170)	$ 30	$ 283	**$ 1,321**	**$ 1,444**	**$ —**	**$ 6,**
Net income	—	166	—	—	**166**	—	66	—	**66**	—	66	—	—	**66**	**90**	**3**	
Other comprehensive loss	—	—	—	(86)	**(86)**	—	—	(1)	**(1)**	—	—	—	(32)	**(32)**	**(83)**	**—**	**(**
Comprehensive income (loss)	—	166	—	(86)	**80**	—	66	(1)	**65**	—	66	—	(32)	**34**	**7**	**3**	
Unit issuance (note 26)	582	—	—	—	**582**	—	—	—	**—**	350	—	—	—	**350**	**—**	**—**	
Unit repurchases (note 26)	(67)	—	—	—	**(67)**	—	—	—	**—**	—	—	—	—	**—**	**—**	**—**	
Partnership distributions (note 28)	—	(339)	—	—	**(339)**	—	(66)	—	**(66)**	—	(138)	—	—	**(138)**	**—**	**(3)**	**(**
Acquisition of subsidiaries (note 5)	—	—	—	—	**—**	—	—	—	**—**	—	—	—	—	**—**	**347**	**—**	
Subsidiary distributions to non-controlling interest	—	—	—	—	**—**	—	—	—	**—**	—	—	—	—	**—**	**(91)**	**—**	
Disposition of interests	—	8	—	(8)	**—**	—	—	—	**—**	—	3	—	(3)	**—**	**(99)**	**—**	
Preferred unit issuance (note 26)	—	—	—	—	**—**	—	—	—	**—**	—	—	—	—	**—**	**—**	**189**	
Other items (note 26)	—	6	49	(6)	**49**	—	—	—	**—**	—	(6)	(49)	6	**(49)**		**—**	
Balance as at December 31, 2015	$ 3,716	$ (559)	$ 126	$ 555	**$ 3,838**	$ 19	$ —	$ 4	**$ 23**	$ 1,528	$ (245)	$ (19)	$ 254	**$ 1,518**	**$ 1,608**	**$ 189**	**$ 7,**

	Limited Partners'					General Partner				Non-Controlling Interest—Redeemable Partnership Units held by Brookfield						
US$ MILLIONS	Limited partners' capital	(Deficit) Retained earnings	Ownership Changes	Accumulated other comprehensive income[1]	Limited partners'	General partner capital	Retained earnings	Accumulated other comprehensive income[1]	General partner	Redeemable units held by Brookfield	(Deficit) Retained earnings	Ownership Changes	Accumulated other comprehensive income[1]	Non-Controlling Interest—Redeemable Partnership Units held by Brookfield	Non-controlling interest—in operating subsidiaries	Total partners' capital

Balance as at January 1, 2014	$ 3,199	$ (213)	$ 77	$ 688	**$ 3,751**	$ 19	$ 2	$ 6	**$ 27**	$ 1,178	$ (95)	$ 30	$ 295	**$ 1,408**	**$ 1,419**	**$ 6,605**
Net income	—	101	—	—	**101**	—	44	—	**44**	—	39	—	—	**39**	**45**	**229**
Other comprehensive loss	—	—	—	(33)	**(33)**	—	—	(1)	**(1)**	—	—	—	(12)	**(12)**	**(15)**	**(61)**
Comprehensive income (loss)	—	101	—	(33)	**68**	—	44	(1)	**43**	—	39	—	(12)	**27**	**30**	**168**
Unit issuance	2	—	—	—	**2**	—	—	—	**—**	—	—	—	—	**—**	**—**	**2**
Partnership distributions	—	(288)	—	—	**(288)**	—	(46)	—	**(46)**	—	(114)	—	—	**(114)**	**—**	**(448)**
Acquisition of subsidiaries	—	—	—	—	**—**	—	—	—	**—**	—	—	—	—	**—**	**362**	**362**
Subsidiary distributions to non-controlling interest	—	—	—	—	**—**	—	—	—	**—**	—	—	—	—	**—**	**(367)**	**(367)**
Balance as at December 31, 2014	$ 3,201	$ (400)	$ 77	$ 655	**$ 3,533**	$ 19	$ —	$ 5	**$ 24**	$ 1,178	$ (170)	$ 30	$ 283	**$ 1,321**	**$ 1,444**	**$ 6,322**

(1) *Refer to Note 27, Accumulated Other Comprehensive Income (Loss) for an analysis of accumulated other comprehensive income (loss) by item.*

The accompanying notes are an integral part of the financial statements.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

CONSOLIDATED STATEMENTS OF CASH FLOWS

US$ MILLIONS	Notes	For the year ended December 31, 2016	2015	2014
Operating Activities				
Net income		**$ 528**	$ 391	$ 229
Adjusted for the following items:				
Earnings from investments in associates and joint ventures, net of distributions received	11	**(202)**	18	(12)
Depreciation and amortization expense	12, 13	**447**	375	380
Mark-to-market on hedging items, provisions and other	6	**(47)**	(44)	(9)
Deferred income tax (recovery) expense	25	**(18)**	(26)	49
Changes in non-cash working capital, net	36	**45**	(82)	54
Cash from operating activities		**753**	632	691
Investing Activities				
Acquisition of subsidiaries, net of cash acquired	5	**(520)**	(54)	(89)
Disposal of subsidiaries, net of cash disposed	4	**353**	28	—
Additions of investments in associates and joint ventures	11	**(887)**	(681)	(477)
Disposal of investments in associates and joint ventures	11	**—**	—	30
Purchase of long lived assets	12, 13	**(690)**	(520)	(454)
Disposal of long lived assets	12, 13	**7**	10	15
Purchase of financial assets		**(191)**	(1,724)	(177)
Sale of financial assets and other		**727**	376	57
Net settlement of foreign exchange hedging items		**143**	219	22
Cash used by investing activities		**(1,058)**	(2,346)	(1,073)
Financing Activities				
Distributions to general partner	28	**(84)**	(66)	(46)
Distributions to other unitholders	28	**(544)**	(480)	(402)
Subsidiary distributions to non-controlling interest		**(169)**	(91)	(314)
Capital provided by non-controlling interest	5	**835**	302	—
Capital provided to non-controlling interest	5	**(51)**	—	—
Proceeds from corporate borrowings		**—**	738	—
Proceeds from corporate credit facility		**2,316**	823	675
Repayment of corporate credit facility		**(2,723)**	(662)	(429)
Proceeds from subsidiary borrowings	18	**1,406**	348	1,796
Repayment of subsidiary borrowings	18	**(984)**	(295)	(1,240)
Proceeds from other financing activities		**—**	131	—
Repayment of other financing activities		**(38)**	(38)	—
Preferred units issued	26	**186**	189	—
Partnership units issued, net of issuance costs	26	**755**	932	2
Partnership units repurchased	26	**(6)**	(67)	—
Cash from financing activities		**899**	1,764	42
Cash and cash equivalents				
Change during the year		**594**	50	(340)
Impact of foreign exchange on cash		**(7)**	(32)	(9)
Cash reclassified as held for sale		**—**	(8)	—
Balance, beginning of year		**199**	189	538
Balance, end of year		**$ 786**	$ 199	$ 189

The accompanying notes are an integral part of the financial statements.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

NOTE 1. ORGANIZATION AND DESCRIPTION OF THE BUSINESS

Brookfield Infrastructure Partners L.P. (our "partnership" or "Brookfield Infrastructure") owns and operates utility, transport, energy and communications infrastructure businesses in North and South America, Europe and the Asia Pacific region. Our partnership was formed as a limited partnership established under the laws of Bermuda, pursuant to a limited partnership agreement dated May 17, 2007, as amended and restated. Our partnership is a subsidiary of Brookfield Asset Management Inc. ("Brookfield"). Our partnership's units are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbols "BIP" and "BIP.UN", respectively. Our cumulative Class A preferred limited partnership units, Series 1, Series 3, Series 5 and Series 7 are listed on the Toronto Stock Exchange under the symbols "BIP.PR.A", "BIP.PR.B", "BIP.PR.C" and "BIP.PR.D", respectively. Our partnership's registered office is 73 Front Street, Hamilton, HM12, Bermuda.

In these notes to the consolidated financial statements, references to "units" are to the limited partnership units in our partnership other than the preferred units, references to our "preferred units" are to preferred limited partnership units in our partnership and references to our "unitholders" and "preferred unitholders" are to the holders of our units and preferred units, respectively. References to "Class A Preferred Units", "Series 1 Preferred Units", "Series 3 Preferred Units", "Series 5 Preferred Units", and "Series 7 Preferred Units" are to cumulative Class A preferred limited partnership units, cumulative Class A preferred limited partnership units, Series 1, cumulative Class A preferred limited partnership units, Series 3, cumulative Class A preferred limited partnership units, Series 5, and cumulative Class A preferred limited partnership units, Series 7, in our partnership, respectively.

On September 14, 2016, we completed a three-for-two split of our units by way of a subdivision of units (the "Unit Split"), whereby unitholders received an additional one-half of a unit for each unit held, resulting in the issuance of an approximately 115 million additional units. Our preferred units were not affected by the Unit Split. All historical per unit disclosures have been adjusted to effect for the change in units due to the Unit Split.

NOTE 2. SUBSIDIARIES

The following provides information about our partnership's wholly-owned subsidiaries as of December 31, 2016 and 2015:

Defined Name	Name of entity	Country of incorporation	Ownership interest (%) 2016	Ownership interest (%) 2015
Transport				
Australian rail operation	Brookfield Rail Holdings No. 1 Pty Ltd	Australia	**100**	100
Energy				
Australian energy distribution operation	Tas Gas Networks Pty Ltd	Australia	**100**	100

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The following table presents details of non-wholly owned subsidiaries of our partnership:

Defined Name	Name of entity	Country of incorporation	Ownership Interest (%)		Voting interest (%)	
			2016	2015	2016	2015
Utilities						
U.K. regulated distribution operation	BUUK Infrastructure Holdings Limited	U.K.	**80**	80	**80**	80
Australian regulated terminal operation	DBCT Management Pty Ltd[5]	Australia	**71**	71	**100**	100
Colombian regulated distribution operation	Empresa de Energia de Boyaca S.A.[5]	Colombia	**17**	17	**100**	100
Transport						
U.K. ports operation	Brookfield Port Acquisitions (UK) Limited[5]	U.K.	**59**	59	**100**	100
Australian ports operation	Linx Cargo Care Group Pty Ltd[4],[5]	Australia	**27**	—	**67**	—
Chilean toll roads	Sociedad Concesionaria Vespucio Norte Express S.A.[5]	Chile	**51**	51	**89**	89
Indian toll roads	BIF India Holdings Pte Ltd[1],[5]	Singapore	**40**	—	**93**	—
Peruvian toll roads	Rutas de Lima S.A.C[2],[5]	Peru	**17**	—	**57**	—
Energy						
North American gas storage operation[6]	Warwick Gas Storage L.P.[5]	Canada	**25**	17	**100**	70
Canadian district energy operation	Enwave Energy Corporation[5]	Canada	**25**	25	**100**	100
U.S. district energy operation	Enwave USA[5]	U.S.	**40**	40	**100**	100
North American gas storage operation[6]	Lodi Gas Storage[5]	U.S.	**40**	40	**100**	100
North American gas storage operation[6]	Niska Gas Storage Partners L.P.[3],[5]	U.S.	**40**	—	**100**	—
Corporate & Other						
Holding LP	Brookfield Infrastructure L.P.	Bermuda	**70**	70	**100**	100

(1) In March 2016, Brookfield Infrastructure acquired a 40% interest in a toll road business in India from Gammon Infrastructure Projects Limited for consideration of $42 million through a Brookfield-sponsored infrastructure fund.

(2) In June 2016, Brookfield Infrastructure acquired a 17% interest in Rutas de Lima S.A.C. for total consideration of $127 million through a Brookfield-sponsored infrastructure fund.

(3) In July 2016, Brookfield Infrastructure acquired a 40% interest in Niska Gas Storage Partners L.P. for consideration of $227 million through a Brookfield-sponsored infrastructure fund.

(4) In August 2016, Brookfield Infrastructure expanded its ports business to Australia as it acquired a 27% interest in Linx Cargo Care Group Pty Ltd through a Brookfield-sponsored infrastructure fund, along with institutional partners (the "Brookfield Consortium") for total consideration of $145 million.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

(5) *For the above noted subsidiaries, our partnership has entered into voting arrangements to provide our partnership with the ability to direct the relevant activities of the investee. Our partnership controls these investees given that our partnership is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Our partnership exercises judgment to determine the level of variability that will achieve control over an investee, particularly in circumstances where our partnership's voting interest differs from its ownership interest in an investee. The following were considered to determine whether our partnership controls these investees: the degree of power (if any) held by other investors, the degree of exposure to variability of each investor, the determination of whether any general partner removal rights are substantive and the purpose and design of the investee.*

(6) *North American gas storage operations include Warwick Gas Storage L.P., Lodi Gas Storage and Niska Gas Storage Partners L.P.*

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The consolidated financial statements were authorized for issue by the Board of Directors on March 7, 2017.

(b) Basis of Preparation

The consolidated financial statements are prepared on a going concern basis. Standards and guidelines not yet effective for the current accounting period are described in Note 3(s), Future Changes in Accounting Policies.

(i) Subsidiaries

These consolidated financial statements include the accounts of our partnership and subsidiaries over which our partnership has control. Subsidiaries are consolidated from the date of acquisition, being the date on which our partnership obtains control, and continue to be consolidated until the date when control is lost. Our partnership (investor) controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Together, our partnership and its subsidiaries are referred to as "Brookfield Infrastructure" in these financial statements.

Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in partnership capital in addition to changes in ownership interests. Total comprehensive income is attributed to non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Holding LP has issued Redeemable Partnership Units held by Brookfield, which may, at the request of the holder, require the Holding LP to redeem the Redeemable Partnership Units for cash consideration equal to the market price of our partnership's units. This right is subject to our partnership's right of first refusal which entitles it, at its sole discretion, to elect to acquire any Redeemable Partnership Unit so presented to Holding LP in exchange for one of our partnership's units subject to certain customary adjustments.

All intercompany balances, transactions, revenues and expenses are eliminated in full.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

(ii) Associates and Joint Ventures

Associates and joint ventures are entities over which our partnership has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not constitute control. Our partnership accounts for investments over which it has significant influence using the equity method, and are recorded as Investments in associates and joint ventures on the Consolidated Statements of Financial Position.

Interests in investments accounted for using the equity method are initially recorded at cost. If the cost of the associate is lower than the proportionate share of the investment's underlying fair value, our partnership records a gain on the difference between the cost and the underlying fair values of the identifiable net assets of the associate. If the cost of the associate is greater than our partnership's proportionate share of the underlying fair value, goodwill and other adjustments arising from the purchase price allocation relating to the associate is included in the carrying amount of the investment. Subsequent to initial recognition, the carrying value of our partnership's interest in an investee is adjusted for our partnership's share of comprehensive income or loss and distributions from the investee.

Profits or losses resulting from transactions with an associate are recognized in the consolidated financial statements based on the interests of unrelated investors in the associate.

(c) Foreign Currency Translation

The U.S dollar is the functional and presentation currency of Brookfield Infrastructure. Each of Brookfield Infrastructure's subsidiaries, associates and jointly controlled entities determines its own functional currency and items included in the financial statements of each subsidiary and associate are measured using that functional currency.

Assets and liabilities of foreign operations having a functional currency other than the U.S. dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at average rates during the period. Gains or losses on translation are included as a component of equity. On disposal of a foreign operation resulting in the loss of control, the component of other comprehensive income due to accumulated foreign currency translation relating to that foreign operation is reclassified to net income. Gains or losses on foreign currency denominated balances and transactions that are designated as hedges of net investments in these operations are reported in the same manner. On partial disposal of a foreign operation in which control is retained, the proportionate share of the component of other comprehensive income or loss relating to that foreign operation is reclassified to non-controlling interests in that foreign operation.

Foreign currency denominated monetary assets and liabilities are translated using the rate of exchange prevailing at the reporting date and non-monetary assets and liabilities measured at fair value are translated at the rate of exchange prevailing at the date when the fair value was determined. Revenues and expenses are measured at average rates during the period. Gains or losses on translation of these items are included in net income. Gains and losses on transactions which hedge these items are also included in net income or loss. Foreign currency denominated non-monetary assets and liabilities, measured at historic cost, are translated at the rate of exchange at the transaction date.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

(d) Business Combinations

Business acquisitions in which control is acquired are accounted for using the acquisition method, other than those between and among entities under common control. The consideration of each acquisition is measured at the aggregate of the fair values at the acquisition date of assets transferred by the acquirer, liabilities incurred or assumed, and equity instruments issued by Brookfield Infrastructure in exchange for control of the acquiree. Acquisition related costs are recognized in the Consolidated Statement of Operating Results as incurred and included in other expenses.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in fair values are adjusted against the cost of the acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as liabilities will be recognized in the Consolidated Statements of Operating Results, whereas changes in the fair values of contingent consideration classified within partnership capital are not subsequently re-measured.

Where a business combination is achieved in stages, Brookfield Infrastructure's previously held interests in the acquired entity are remeasured to fair value at the acquisition date, that is, the date Brookfield Infrastructure attains control and the resulting gain or loss, if any, is recognized in the Consolidated Statements of Operating Results. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to the Consolidated Statements of Operating Results, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Brookfield Infrastructure reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

The measurement period is the period from the date of acquisition to the date Brookfield Infrastructure obtains complete information about facts and circumstances that existed as of the acquisition date. The measurement period is subject to a maximum of one year subsequent to the acquisition date.

If, after reassessment, Brookfield Infrastructure's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree if any, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Contingent liabilities acquired in a business combination are initially measured at fair value at the date of acquisition. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognized in accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* ("IAS 37") and the amount initially recognized less cumulative amortization recognized in accordance with IAS 18, *Revenue* ("IAS 18").

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term investments with original maturities of three months or less.

(f) Accounts Receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for uncollectability.

(g) Property, Plant and Equipment

Brookfield Infrastructure uses the revaluation method of accounting for all classes of property, plant and equipment. Property, plant and equipment is initially measured at cost and subsequently carried at its revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are made on at least an annual basis, and on a sufficient basis to ensure that the carrying amount does not differ significantly from fair value. Where the carrying amount of an asset is increased as a result of a revaluation, the increase is recognized in other comprehensive income or loss and accumulated in equity within the revaluation surplus reserve, unless the increase reverses a previously recognized impairment recorded through net income, in which case that portion of the increase is recognized in net income. Where the carrying amount of an asset is decreased, the decrease is recognized in other comprehensive income to the extent of any balance existing in revaluation surplus in respect of the asset, with the remainder of the decrease recognized in net income. Revaluation gains are included in other comprehensive income, but are not subsequently recycled into profit or loss.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Consolidated Statements of Operating Results. However, any balance accumulated in revaluation surplus is subsequently recorded in retained earnings when an asset is derecognized and not transferred to profit or loss.

Depreciation of an asset commences when it is available for use. Property, plant and equipment are depreciated on a straight line or declining-balance basis over the estimated useful lives of each component of the assets as follows:

Buildings	Up to 70 years
Transmission stations, towers and related fixtures	Up to 40 years
Leasehold improvements	Up to 50 years
Plant and equipment	Up to 40 years
Network systems	Up to 40 years
Track	Up to 40 years
District energy systems	Up to 50 years
Gas storage assets	Up to 50 years

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

Depreciation on property, plant and equipment is calculated on a straight-line or declining-balance basis so as to write-off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period, with the effect of any changes recognized on a prospective basis.

(h) Investment Property

Brookfield Infrastructure uses the fair value method to account for assets classified as investment property. An asset is determined to be an investment property when it is principally held to earn rental income or for capital appreciation, or both. Investment property is initially measured at cost including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value. Gains or losses arising from changes in fair value are included in profit or loss.

Fair values are primarily determined by valuation of the lease term and freehold reversion. An income capitalisation approach is used by applying a yield to the rental income of the capitalization rate is reflective of the characteristics, location and market of each property. Fair value is estimated by management of our partnership with due consideration given to observable market inputs, where available.

(i) Asset Impairment

At each reporting date Brookfield Infrastructure assesses whether for assets, other than those measured at fair value with changes in values recorded in profit or loss, there is any indication that such assets are impaired. This assessment includes a review of internal and external factors which includes, but is not limited to, changes in the technological, political, economic or legal environment in which the entity operates in, structural changes in the industry, changes in the level of demand, physical damage and obsolescence due to technological changes. An impairment is recognized if the recoverable amount, determined as the higher of the estimated fair value less costs of disposal or the discounted future cash flows generated from use and eventual disposal from an asset or cash generating unit is less than their carrying value. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the lesser of the revised estimate of recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

(j) Intangible Assets

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date. Brookfield Infrastructure's intangible assets are comprised primarily of conservancy rights, service concession arrangements and customer order backlogs.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization unless indefinite lived and accumulated impairment losses, on the same basis as intangible assets acquired separately.

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Public service concessions that provide Brookfield Infrastructure the right to charge users for a service in which the service and fee is regulated by the grantor are accounted for as an intangible asset under IFRIC 12, *Service Concession Arrangements*.

Concession arrangements were acquired as part of the acquisition of the Australian regulated terminal operation and Chilean, Indian and Peruvian toll roads and were initially recognized at their fair values. The intangible asset at the Australian regulated terminal operation relates to use of a specific coal port terminal for a contractual length of time and is amortized over the life of the contractual arrangement with 84 years remaining on a straight-line basis. The intangible assets at the Chilean, Indian and Peruvian toll roads relate to the right to operate a road and charge users a specified tariff for a contractual length of time and is amortized over the life of the contractual arrangement with an average of 17, 7 and 26 years remaining, respectively.

The conservancy right was acquired as part of the acquisition of the U.K. port operation and was recorded at its fair value. As a right in perpetuity issued by the Statutory Harbour Authority in the U.K., the conservancy right is classified as having an indefinite life and is subject to an annual impairment assessment.

The customer order backlog was acquired as part of the acquisition of the U.K. regulated distribution operation and was initially recorded at its fair value. The customer order backlog represents the present value of future earnings derived from the build out of contracted connections at the acquisition date of the U.K. regulated distribution operation. The customer order backlog is amortized over its estimated useful life of 45 years.

Intangible assets acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization of the Australian regulated terminal operation concession arrangement and U.K. regulated distribution customer order backlog intangible assets are recognized on a straight-line basis over the intangible assets' estimated useful lives. Amortization of the Chilean, Indian (which were not classified as financial assets) and Peruvian toll roads reflect the pattern of consumption of the intangible asset over the estimated useful life of the concession arrangement. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

(k) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit or units to which it relates. Brookfield Infrastructure identifies cash generating units as identifiable groups of assets that are largely independent of the cash inflows from other assets or groups of assets.

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Goodwill is evaluated for impairment annually or more often if events or circumstances indicate there may be impairment. Impairment is determined for goodwill by assessing if the carrying value of a cash generating unit, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal or the value in use. Impairment losses recognized in respect of a cash generating unit are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the cash generating unit. Any goodwill impairment is charged to profit or loss in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the operation.

(l) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to Brookfield Infrastructure and the revenue and costs incurred or to be incurred can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of estimated customer returns, trade allowances, rebates and other similar allowances.

When our partnership receives a transfer of cash or property, plant and equipment from a customer, it assesses whether the constructed or acquired item of property, plant and equipment meets the definition of an asset in accordance with IFRIC 18, *Transfer of Assets from Customers* ("IFRIC 18"). If the definition of an asset is met, our partnership recognizes the item of property, plant and equipment at its cost and recognizes revenue or deferred revenue, as applicable, for the same amount based on the appropriate revenue recognition policy.

Brookfield Infrastructure recognizes revenue when the specific criteria have also been met for each of Brookfield Infrastructure's activities as described below. Cash received by Brookfield Infrastructure from customers is recorded as deferred revenue until revenue recognition criteria are met.

Utilities

Revenue from utilities infrastructure is derived from the distribution and transmission of energy as well as from Brookfield Infrastructure's Australian regulated terminal operation. Distribution and transmission revenue is recognized when services are rendered based upon usage or volume during that period. Terminal infrastructure charges are charged at set rates per tonne of coal based on each customer's annual contracted tonnage and is then recognized on a pro-rata basis each month. Brookfield Infrastructure's Australian regulated terminal operation also recognizes handling charges based on tonnes of coal shipped through the terminal. Brookfield Infrastructure's regulated distribution operation receives customer contributions which are recorded in deferred revenue and released on a percentage of completion basis in accordance with IFRIC 18 and IAS 11.

Transport

Revenue from transport infrastructure consists primarily of freight, toll road operations and transportation services revenue. Revenue is recognized when services are provided and rendered based primarily on usage or volume throughput during the period.

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Energy

Revenue from energy infrastructure consists primarily of energy distribution and storage as well as district energy services. Revenue is recognized when services are provided and rendered based primarily on usage or volume throughput during the period.

Communications Infrastructure

Revenue from communications infrastructure is derived from contracts with media broadcasting and telecom customers to access infrastructure. Customers pay upfront and recurring fees to lease space on towers to host their equipment. Recurring rental revenue is recognized on a straight line basis based on lease agreements. Upfront payments which are separable from the recurring revenue under IFRIC 18 are recognized on a percentage of completion basis on the construction asset they relate to.

(m) Financial Instruments and Hedge Accounting

The following summarizes Brookfield Infrastructure's classification and measurement of financial assets and liabilities:

	Classification	Measurement
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable and other	Loans and receivables	Amortized cost
Restricted cash and deposits	Loans and receivables	Amortized cost
Marketable securities	Available-for-sale	Fair value
Financial assets		
Derivative assets	FVTPL(1)	Fair value
Other financial assets	Loans and receivables/ Available-for-sale	Amortized cost/ Fair value
Financial liabilities		
Corporate borrowings	Other liabilities	Amortized cost
Non-recourse borrowings	Other liabilities	Amortized cost(2)
Accounts payable and other	Other liabilities	Amortized cost
Preferred shares(3)	Other liabilities	Amortized cost
Financial liabilities	FVTPL(1)	Fair value

(1) Fair value through profit or loss ("FVTPL"), except for derivatives in certain hedge relationships.

(2) Except for derivatives embedded in the related financial instruments that are classified as FVTPL and measured at fair value.

(3) $20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

Our partnership maintains a portfolio of marketable securities comprised of liquid equity and debt securities. The marketable securities are classified as available-for-sale and are subsequently measured at fair value at each reporting date with the change in fair value recorded in other comprehensive income. When a decline in the fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

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Brookfield Infrastructure selectively utilizes derivative financial instruments primarily to manage financial risks, including interest rate and foreign exchange risks. Derivative financial instruments are recorded at fair value. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure and there is assurance that it will continue to be highly effective as a hedge based on an expectation of offsetting cash flows or fair value. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in other comprehensive income by the application of hedge accounting is recognized in profit or loss over the remaining term of the original hedging relationship as amounts related to the hedged item are recognized in profit or loss. The assets or liabilities relating to unrealized mark-to-market gains and losses on derivative financial instruments are recorded in Financial Assets and Financial Liabilities, respectively.

(i) Items Classified as Hedges

Realized and unrealized gains and losses on foreign exchange contracts, designated as hedges of currency risks relating to a net investment in a subsidiary with a functional currency other than the U.S. dollar are included in equity and are included in net income in the period in which the subsidiary is disposed of or to the extent partially disposed and control is not retained. Derivative financial instruments that are designated as hedges to offset corresponding changes in the fair value of assets and liabilities and cash flows are measured at estimated fair value with changes in fair value recorded in profit or loss or as a component of equity as applicable.

Unrealized gains and losses on interest rate contracts designated as hedges of future variable interest payments are included in equity as a cash flow hedge when the interest rate risk relates to an anticipated variable interest payment. The periodic exchanges of payments on interest rate swap contracts designated as hedges of debt are recorded on an accrual basis as an adjustment to interest expense. The periodic exchanges of payments on interest rate contracts designated as hedges of future interest payments are amortized into profit or loss over the term of the corresponding interest payments.

(ii) Items Not Classified as Hedges

Derivative financial instruments that are not designated as hedges are carried at estimated fair value, and gains and losses arising from changes in fair value are recognized in net income in the period the changes occur. Realized and unrealized gains on other derivatives not designated as hedges are recorded in other expenses.

Other financial assets are classified as loans and receivables or available-for-sale securities based on their nature and use within our partnership's business and are recorded initially at fair value. Other financial assets classified as available-for-sale are subsequently measured at fair value at each reporting date with the change in fair value recorded in other comprehensive income. Other financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest method, less any impairment. Assets classified as loans and receivables are impaired when there exists objective evidence that the financial asset is impaired.

(n) Income Taxes

Income tax expense represents the sum of the tax accrued in the period and deferred income tax.

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(i) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries based on the tax rates and laws enacted or substantively enacted at the reporting date. Current income tax relating to items recognized directly in partnership capital are also recognized directly in partnership capital and other comprehensive income.

(ii) Deferred income tax

Deferred income tax liabilities are provided for using the liability method on temporary differences between the tax bases used in the computation of taxable income and carrying amounts of assets and liabilities in the consolidated financial statements. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. Such deferred income tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income, other than in a business combination. The carrying amount of deferred income tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that the income tax asset will be recovered.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where Brookfield Infrastructure is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax liabilities and assets reflect the tax consequences that would follow from the manner in which Brookfield Infrastructure expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority within a single taxable entity or Brookfield Infrastructure intends to settle its current tax assets and liabilities on a net basis in the case where there exist different taxable entities in the same taxation authority and when there is a legally enforceable right to set off current tax assets against current tax liabilities.

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(o) Assets Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification subject to limited exceptions.

When Brookfield Infrastructure is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether Brookfield Infrastructure will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Non-current assets classified as held for sale and the assets of a disposal group are presented separately from other assets in the Consolidated Statements of Financial Position and are classified as current. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated Statements of Financial Position.

Once classified as held for sale, property, plant and equipment and intangible assets, are not depreciated or amortized, respectively.

(p) Provisions

Provisions are recognized when Brookfield Infrastructure has a present obligation, either legal or constructive, as a result of a past event, it is probable that Brookfield Infrastructure will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(q) Critical Accounting Judgments and Key Sources of Estimation Uncertainty

The preparation of financial statements requires management to make critical judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses that are not readily apparent from other sources, during the reporting period. These estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments made by management and utilized in the normal course of preparing Brookfield Infrastructure's consolidated financial statements are outlined below.

(i) Common control transactions

IFRS 3 (2008) *Business Combinations* does not include specific measurement guidance for transfers of businesses or subsidiaries between entities under common control. Accordingly, Brookfield Infrastructure has developed a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies. Brookfield Infrastructure's policy is to record assets and liabilities recognized as a result of transactions between entities under common control at the carrying value on the transferor's financial statements, and to have the Consolidated Statements of Financial Position, Consolidated Statements of Operating Results, Consolidated Statements of Comprehensive Income and Statements of Cash Flows reflect the results of combining entities for all periods presented for which the entities were under the transferor's common control, irrespective of when the combination takes place.

(ii) Financial instruments

Brookfield Infrastructure's accounting policies relating to derivative financial instruments are described in Note 3(m), Financial Instruments and Hedge Accounting. The critical judgments inherent in these policies relate to applying the criteria to the assessment of the effectiveness of hedging relationships. Estimates and assumptions used in determining the fair value of financial instruments are equity and commodity prices; future interest rates; the credit worthiness of the company relative to its counterparties; the credit risk of our partnership and counterparty; estimated future cash flows; and discount rates.

(iii) Revaluation of property, plant and equipment

Property, plant and equipment is revalued on a regular basis. The critical estimates and assumptions underlying the valuation of property, plant and equipment are set out in Note 12, Property, Plant and Equipment.

(iv) Fair values in business combinations

Brookfield Infrastructure accounts for business combinations using the acquisition method of accounting. This method requires the application of fair values for both the consideration given and the assets and liabilities acquired. The calculation of fair values is often predicated on estimates and judgments including future cash flows discounted at an appropriate rate to reflect the risk inherent in the acquired assets and liabilities (refer to Note 5, Acquisition of Business for details of business combinations). The determination of the fair values may remain provisional for up to 12 months from the date of acquisition due to the time required to obtain independent valuations of individual assets and to complete assessments of provisions. When the accounting for a business combination has not been completed as at the reporting date, this is disclosed in the financial statements, including observations on the estimates and judgments made as of the reporting date.

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(v) Impairment of goodwill, intangibles with indefinite lives and investment in associates and joint ventures

The impairment assessment of goodwill and intangible assets with indefinite lives requires estimation of the value-in-use or fair value less costs of disposal of the cash-generating units to which goodwill or the intangible asset has been allocated. Brookfield Infrastructure uses the following critical assumptions and estimates: the circumstances that gave rise to the goodwill, timing and amount of future cash flows expected from the cash-generating unit; discount rates; terminal capitalization rates; terminal valuation dates and useful lives.

The impairment assessment of investments in associates and joint ventures requires estimation of the recoverable amount of the asset.

Other estimates utilized in the preparation of our partnership's financial statements are: depreciation and amortization rates and useful lives; recoverable amount of goodwill and intangible assets; ability to utilize tax losses and other tax measurements.

Other critical judgments utilized in the preparation of our partnership's financial statements include the methodologies for calculating amortization, determination of operating segments and determination of control.

(r) Recently adopted accounting standard amendments

Brookfield Infrastructure applied, for the first time, certain amendments to Standards applicable to Brookfield Infrastructure that became effective January 1, 2016. The impact of adopting these amendments on our partnership's accounting policies and disclosures are as follows:

IAS 16 Property, Plant, and Equipment ("IAS 16") and IAS 38 Intangible Assets ("IAS 38")

IAS 16, Property, Plant, and Equipment ("IAS 16") and IAS 38, Intangible Assets ("IAS 38") were both amended by the IASB as a result of clarifying the appropriate amortization method for intangible assets of service concession arrangements under IFRIC 12, Service Concession Arrangements ("SCAs"). The IASB determined that the issue does not only relate to SCAs but all tangible and intangible assets that have finite useful lives. Amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant, and equipment. Similarly, the amendment to IAS 38 introduces a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset, with only limited circumstances where the presumption can be rebutted. Guidance is also introduced to explain that expected future reductions in selling prices could be indicative of a reduction of the future economic benefits embodied in an asset. Amendments to IAS 16 and IAS 38 were applied prospectively resulting in no material impact on Brookfield Infrastructure's consolidated financial statements.

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(s) Future Changes in Accounting Policies

Standards issued, but not yet adopted

IFRS 15 Revenue from Contracts with Customers—("IFRS 15")

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15") specifies how and when revenue should be recognized as well as requiring more informative and relevant disclosures. The Standard also requires additional disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The Standard supersedes IAS 18, *Revenue*, IAS 11, *Construction Contracts* and a number of revenue-related interpretations. IFRS 15 applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts. IFRS 15 must be applied for periods beginning on or after January 1, 2018 with early application permitted. An entity may adopt the Standard on a fully retrospective basis or on a modified retrospective basis. Brookfield Infrastructure is currently evaluating the impact of IFRS 15 on its consolidated financial statements, including the method of initial adoption.

IFRS 9 Financial Instruments—("IFRS 9")

In July 2014, the IASB issued the final publication of the IFRS 9 standard, superseding the current IAS 39, *Financial Instruments: Recognition and Measurement* standard. This standard establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with an entity's risk management activities. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatory effective date for annual periods beginning on or after January 1, 2018, with early adoption permitted. Brookfield Infrastructure is currently evaluating the impact of IFRS 9 on its consolidated financial statements.

IFRS 16 Leases—("IFRS 16")

The International Accounting Standards Board has published a new standard, IFRS 16. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17, *Leases* and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted if IFRS 15 has also been applied. Brookfield Infrastructure is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

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Amendments and Interpretations, not yet adopted

IAS 7 Statement of Cash Flows—("IAS 7")

In January 2016, the IASB issued amendments to IAS 7, effective for annual periods beginning January 1, 2017. The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. Brookfield Infrastructure is currently evaluating the impact of the IAS 7 amendments on its consolidated financial statements.

IFRIC 22 Foreign Currency Transactions—("IFRIC 22")

In December 2016, the IASB issued IFRIC 22, effective for annual periods beginning January 1, 2018. The interpretation clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The interpretation may be applied either retrospectively or prospectively. Brookfield Infrastructure is currently evaluating the impact of the IFRIC 22 interpretation on its consolidated financial statements, including the method of initial adoption.

NOTE 4. ASSETS CLASSIFIED AS HELD FOR SALE

a) Ontario electricity transmission operation

In October 2016, Brookfield Infrastructure completed the sale of its 100% interest in its Ontario electricity transmission operation to a third party for net proceeds of $167 million. As the property, plant and equipment of the Ontario electricity transmission operation were revalued to fair market value in accordance with IAS 16, *Property, Plant & Equipment*, the net proceeds received approximated the carrying value of the business and therefore no gain or loss on disposition was recorded. As a result of the disposition, accumulated revaluation surplus of $107 million post-tax was reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital during the fourth quarter of 2016. The Ontario electricity transmission operation was reported as a wholly owned subsidiary on the Consolidated Statement of Financial Position until the fourth quarter of 2015 when it was classified as held for sale.

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b) European energy distribution operation

In May 2016, Brookfield Infrastructure completed the sale of its 100% interest in its European energy distribution operation to a third party for net proceeds of $127 million. As the property, plant and equipment of the European energy distribution operation were revalued to fair market value in accordance with IAS 16, *Property, Plant & Equipment*, the net proceeds received approximated the carrying value of the business and therefore no gain or loss on disposition was recorded. As a result of the disposition, accumulated revaluation surplus of $141 million post-tax was reclassified from accumulated other comprehensive income directly to retained earnings and recorded within Other items on the Consolidated Statements of Partnership Capital. The European energy distribution operation was reported as a wholly owned subsidiary on the Consolidated Statement of Financial Position until the fourth quarter of 2015 when it was subsequently classified as held for sale until the date of disposition.

The following table presents the assets and liabilities that are classified as held for sale as of December 31, 2016 and 2015:

US$ MILLIONS	Dec. 31, 2016	Dec. 31, 2015
Assets		
Cash and cash equivalents	**$ —**	$ 8
Accounts receivable and other[(1)]	**19**	39
Property, plant and equipment	**—**	531
Intangible assets	**—**	2
Assets classified as held for sale	**$ 19**	$ 580
Liabilities		
Accounts payable and other	**$ —**	$ 24
Non-recourse borrowings	**—**	203
Financial liabilities	**—**	20
Other liabilities	**—**	5
Deferred income tax liability	**—**	23
Liabilities directly associated with assets classified as held for sale	**$ —**	$ 275

(1) Includes $19 million of property which was not sold in conjunction with the disposition of our European energy distribution operation. A sale process is in progress with a plan to sell these properties within the next 12 months.

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NOTE 5. ACQUISITION OF BUSINESSES

a) Acquisition of Australian ports business

On August 18, 2016, Brookfield Infrastructure, alongside institutional partners and a Brookfield-sponsored infrastructure fund, and Qube Holdings Limited, along with its institutional partners, acquired all of the shares of Asciano Limited. As part of this transaction Brookfield Infrastructure tendered its 20% interest in Asciano acquired in the fourth quarter of 2015. As a result of tendering its interest in Asciano Limited, a gain of $123 million was recorded in Other income on the Consolidated Statement of Operating Results during the third quarter of 2016, representing the reclassification of available for sale mark-to-market gains of $44 million and foreign exchange gains of $79 million to net income from accumulated other comprehensive income.

Concurrently, Brookfield Infrastructure acquired an effective 27% interest in Linx Cargo Care through a Brookfield-sponsored infrastructure fund and other members of the Brookfield Consortium for total consideration of $145 million, comprising of $13 million in cash and a portion of our partnership's previously existing interest in shares of Asciano Limited with an acquisition date fair value of $132 million (Brookfield Consortium total consideration of $63 million cash and $442 million in fair value of shares, funded through our partnership). Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective August 18, 2016. Acquisition costs of $17 million were recorded as Other expenses within the Consolidated Statement of Operating Results in the third quarter of 2016.

Consideration transferred

US$ MILLIONS	
Cash	$ 13
Common shares of Asciano Limited	132
Total consideration	**$ 145**

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Fair value of assets and liabilities acquired as of August 18, 2016

US$ MILLIONS	
Cash and cash equivalents	$ 12
Accounts receivable and other[(1)]	232
Assets classified as held for sale[(2)]	115
Property, plant and equipment	229
Intangible assets	69
Goodwill[(1)]	210
Liabilities directly associated with assets classified as held for sale[(2)]	(58)
Deferred income tax and other liabilities[(1)]	(123)
Non-recourse borrowings	(181)
Net assets acquired before non-controlling interest	505
Non-controlling interest[(3)]	(360)
Net assets acquired	$ 145

(1) The fair values of accounts receivable, goodwill, and deferred income tax and other liabilities for this operation have been determined on a provisional basis, pending finalization of the determination of the fair values of the acquired net assets.

(2) $115 million of equity accounted investments and $58 million of non-recourse borrowings relate to a non-core business acquired as part of the acquisition of the Australian ports business which was sold in the fourth quarter of 2016. The net proceeds recorded approximated the carrying value of the business and therefore no gain or loss on disposition was recorded.

(3) Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.

The additional goodwill recorded on acquisition primarily represents expected growth arising from the business' position as an incumbent in a fragmented bulk port services industry. None of the goodwill recognized is expected to be deductible for income tax purposes. The recoverable amount of the goodwill has been determined based on the fair value less cost of disposal of the cash-generating unit using a discounted cash flow model whereby the fair value measurement is classified under level 3 on the fair value hierarchy. The key inputs in determining fair value under the discounted cash flow model are the utilization of a discount rate of 17%, a terminal value multiple of 8x and a discrete cash flow period of 10 years. The carrying amount of the cash-generating unit was determined to not exceed its recoverable amount.

For the year ended December 31, 2016 the Australian ports business contributed revenues of $182 million and net income of $6 million.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

b) Acquisition of North American gas storage business

On July 19, 2016, Brookfield Infrastructure expanded its gas storage business as it acquired an effective 40% interest in Niska Gas Storage ("Niska") for consideration of $227 million through a Brookfield-sponsored infrastructure fund. The consideration is comprised of $141 million of Niska senior notes currently owned by Brookfield Infrastructure, $19 million of a working capital credit facility provided to Niska by Brookfield Infrastructure prior to the acquisition date, and cash of $67 million[(1)]. Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective July 19, 2016. Acquisition costs of $11 million were recorded as Other expenses within the Consolidated Statement of Operating Results in the third quarter of 2016.

Consideration transferred

US$ MILLIONS	
Cash	$ 67
Senior notes[(2)]	141
Working capital credit facility	19
Total consideration	$ 227

(1) The total consideration through the Brookfield-sponsored partnership includes $170 million cash, $357 million in fair value of the Senior notes and $48 million of a working capital facility.

(2) On the date of acquisition of the North American gas storage operation Brookfield Infrastructure held a pre-existing interest in the Senior notes of $117 million, representing the original cost of $104 million and $13 million of income recorded as Other income on the Consolidated Statement of Operating Results in prior periods. On the acquisition date, Brookfield Infrastructure recorded an additional $24 million of Other income on the Consolidated Statement of Operating Results associated with the recycling of accumulated mark-to-market gains on revaluation of the Senior notes, which was equivalent to fair value.

Fair value of assets and liabilities acquired as of July 19, 2016

US$ MILLIONS	
Cash and cash equivalents	$ 15
Accounts receivable and other	99
Inventory	39
Property, plant and equipment	825
Goodwill	82
Deferred income tax and other liabilities	(148)
Non-recourse borrowings	(337)
Net assets acquired before non-controlling interest	575
Non-controlling interest[(1)]	(348)
Net assets acquired	$ 227

(1) Non-controlling interest represents the interest not acquired by Brookfield Infrastructure and was measured at fair value on the acquisition date.

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Upon acquisition of the North American gas storage business by Brookfield Infrastructure, a deferred tax liability of $82 million was recorded. The deferred income tax liability arose because tax bases of the net assets acquired were lower than their fair values. The inclusion of this liability in the net book value of the acquired business gave rise to goodwill of $82 million, which is recoverable so long as the tax circumstances that gave rise to the goodwill do not change. To date, no such changes have occurred. None of the goodwill recognized is deductible for income tax purposes.

For the year ended December 31, 2016 the North American gas storage business contributed revenues of $67 million and net income of $12 million.

c) Acquisition of Peruvian toll road business

On June 28, 2016, Brookfield Infrastructure expanded its toll road business to Peru as it acquired an effective 17% interest in Rutas de Lima S.A.C. ("Rutas"), through a Brookfield-sponsored infrastructure fund, for total consideration of $127 million, comprised of $118 million of cash (fund total of $400 million funded through our partnership) and an amount payable of $9 million (fund total of $30 million). Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective June 28, 2016. Acquisition costs of less than $1 million were recorded as Other expenses within the Consolidated Statement of Operating Results in the second quarter of 2016.

Consideration transferred

US$ MILLIONS	
Cash	**$ 118**
Consideration payable[(1)]	**9**
Total consideration	**$ 127**

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

Fair value of assets and liabilities acquired as of June 28, 2016

US$ MILLIONS	
Cash and cash equivalents[2]	$ 115
Accounts receivable and other	121
Property, plant and equipment	6
Intangible assets[3]	973
Goodwill	139
Deferred income tax and other liabilities	(160)
Non-recourse borrowings	(441)
Net assets acquired before non-controlling interest	753
Non-controlling interest[4]	(626)
Net assets acquired	$ 127

(1) The purchase price is payable in a series of four payments, one on the date of acquisition as well as three equal payments made 18 months, 27 months and 36 months subsequent to this date and consequently an amount payable of $9 million is recorded as a financial liability within the consolidated statements of financial position as at December 31, 2016.

(2) Includes $114 million of restricted cash primarily related to toll road construction obligations.

(3) Represents a 30 year Peruvian toll road service concession agreement expiring in January 2043. The agreement obligates Rutas to maintain the toll roads to an acceptable standard in exchange for the ability to charge regulated tariffs to the users of the toll road.

(4) Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date.

Upon acquisition of the Peruvian toll road business by Brookfield Infrastructure, a deferred tax liability of $139 million was recorded. The deferred income tax liability arose because tax bases of the net assets acquired were lower than their fair values. The inclusion of this liability in the net book value of the acquired business gave rise to goodwill of $139 million, which is recoverable so long as the tax circumstances that gave rise to the goodwill do not change. To date, no such changes have occurred. None of the goodwill recognized is deductible for income tax purposes.

For the year ended December 31, 2016 the Peruvian toll road business contributed revenues of $97 million and recorded a net loss of $10 million.

d) Acquisition of Indian toll road business

On March 1, 2016, Brookfield Infrastructure expanded its toll road operations through the acquisition of a 40% effective interest in an Indian toll road business (BIF India Holdings Pte Ltd) from Gammon Infrastructure Projects Limited for consideration of $42 million through a Brookfield-sponsored infrastructure fund. Concurrently, Brookfield Infrastructure entered into a voting agreement with an affiliate of Brookfield, providing Brookfield Infrastructure the right to direct the relevant activities of the entity, thereby providing Brookfield Infrastructure with control. Accordingly, Brookfield Infrastructure consolidated the entity effective March 1, 2016. Acquisition costs of $2 million were recorded as Other expenses within the Consolidated Statement of Operating Results in the first quarter of 2016.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

Consideration transferred

US$ MILLIONS	
Cash	**$ 42**
Total consideration	**$ 42**

Fair value of assets and liabilities acquired as of March 1, 2016

US$ MILLIONS	
Accounts receivable and other	**$ 38**
Property, plant and equipment	**7**
Financial assets	**142**
Intangible assets	**147**
Deferred income tax assets	**10**
Accounts payable and other	**(38)**
Non-recourse borrowings	**(202)**
Net assets acquired before non-controlling interest	**104**
Non-controlling interest[(1)]	**(62)**
Net assets acquired	**$ 42**

(1) Non-controlling interest represents the interest not acquired by Brookfield Infrastructure, measured at fair value at the acquisition date which is equal to the consideration paid by the non-controlling interest.

Upon acquisition of the Indian toll road business by Brookfield Infrastructure, a deferred tax asset of $10 million was recorded. The deferred tax assets relate to tax losses and are recognized based on management's best estimate that it is probable that there will be sufficient taxable income against which to utilize the benefits of these tax losses.

For the year ended December 31, 2016 the Indian toll road business contributed revenues of $39 million and recorded a net loss of $5 million.

e) Supplemental information

Had the acquisitions of the Australian ports business, North American gas storage business and the Indian and Peruvian toll road businesses been effective January 1, 2016, the revenue and net income of Brookfield Infrastructure would have been $2,540 million (unaudited) and $555 million (unaudited), respectively, for the year ended December 31, 2016.

In determining the pro-forma revenue and net income attributable to our partnership, management has:

- Calculated depreciation of property, plant and equipment and amortization of intangible assets acquired on the basis of the fair values at the time of the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements and;
- Based borrowing costs on the funding levels, credit ratings and debt and equity position of Brookfield Infrastructure after the business combination.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are determined by reference to quoted bid or ask prices, as appropriate. Where bid and ask prices are unavailable, the closing price of the most recent transaction of that instrument is used. In the absence of an active market, fair values are determined based on prevailing market rates such as bid and ask prices, as appropriate for instruments with similar characteristics and risk profiles or internal or external valuation models, such as option pricing models and discounted cash flow analyses, using observable market inputs.

Fair values determined using valuation models require the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those assumptions, Brookfield Infrastructure looks primarily to external readily observable market inputs such as interest rate yield curves, currency rates, and price and rate volatilities as applicable. The fair value of interest rate swap contracts which form part of financing arrangements is calculated by way of discounted cash flows using market interest rates and applicable credit spreads.

Classification of Financial Instruments

Financial instruments classified as fair value through profit or loss are carried at fair value on the Consolidated Statements of Financial Position. Changes in the fair values of financial instruments classified as fair value through profit or loss are recognized in profit or loss. Mark-to-market adjustments on hedging items for those in an effective hedging relationship and changes in the fair value of available-for-sale securities are recognized in other comprehensive income.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Carrying Value and Fair Value of Financial Instruments

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at December 31, 2016:

US$ MILLIONS Financial Instrument Classification	FVTPL (Fair Value)	Available for sale securities (Fair Value through OCI)	Loans and Receivables/ Other Liabilities (Amortized Cost)	Total
MEASUREMENT BASIS				
Financial assets				
Cash and cash equivalents	$ —	$ —	$ 786	$ 786
Accounts receivable and other	—	—	485	485
Financial assets (current and non-current)[1]	893	12	233	1,138
Marketable securities	—	3	—	3
Total	$ 893	$ 15	$ 1,504	$ 2,412
Financial liabilities				
Corporate borrowings	$ —	$ —	$ 1,002	$ 1,002
Non-recourse borrowings (current and non-current)	—	—	7,324	7,324
Accounts payable and other	—	—	712	712
Preferred shares[2]	—	—	20	20
Financial liabilities (current and non-current)[1]	381	—	—	381
Total	$ 381	$ —	$ 9,058	$ 9,439

(1) Derivative instruments which are elected for hedge accounting totaling $722 million are included in Financial assets and $185 million of derivative instruments are included in Financial liabilities.

(2) $20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

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As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The following table provides the allocation of financial instruments and their associated financial instrument classifications as at December 31, 2015:

US$ MILLIONS Financial Instrument Classification	FVTPL (Fair Value)	Available for sale securities (Fair Value through OCI)	Loans and Receivables/ Other Liabilities (Amortized Cost)	Total
MEASUREMENT BASIS				
Financial assets				
Cash and cash equivalents	$ —	$ —	$ 199	$ 199
Accounts receivable and other	—	—	322	322
Financial assets (current and non-current)[1]	741	—	330	1,071
Marketable securities	—	1,281	—	1,281
Total	$ 741	$ 1,281	$ 851	$ 2,873
Financial liabilities				
Corporate borrowings	$ —	$ —	$ 1,380	$ 1,380
Non-recourse borrowings (current and non-current)	—	—	5,852	5,852
Accounts payable and other	—	—	474	474
Preferred shares[2]	—	—	20	20
Financial liabilities (current and non-current)[1]	582	—	—	582
Total	$ 582	$ —	$ 7,726	$ 8,308

(1) Derivative instruments which are elected for hedge accounting totaling $601 million are included in Financial assets and $230 million of derivative instruments are included in Financial liabilities.

(2) $20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

The following table provides the carrying values and fair values of financial instruments as at December 31, 2016 and December 31, 2015:

US$ MILLIONS	Dec. 31, 2016 Carrying Value	Dec. 31, 2016 Fair Value	Dec. 31, 2015 Carrying Value	Dec. 31, 2015 Fair Value
Financial assets				
Cash and cash equivalents	**$ 786**	**$ 786**	$ 199	$ 199
Accounts receivable and other	**485**	**485**	322	322
Financial assets (current and non-current)	**1,138**	**1,138**	1,071	1,071
Marketable securities	**3**	**3**	1,281	1,281
Total	**$ 2,412**	**$ 2,412**	$ 2,873	$ 2,873

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

US$ MILLIONS	Dec. 31, 2016		Dec. 31, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities				
Corporate borrowings[1]	**$ 1,002**	**$ 1,023**	$ 1,380	$ 1,386
Non-recourse borrowings[2]	**7,324**	**7,478**	5,852	6,093
Accounts payable and other (current and non-current)	**712**	**712**	474	474
Preferred shares[3]	**20**	**20**	20	20
Financial liabilities (current and non-current)	**381**	**381**	582	582
	$ 9,439	**$ 9,614**	$ 8,308	$ 8,555

(1) Corporate borrowings is classified under level 1 of the fair value hierarchy; quoted prices in an active market are available.

(2) *Non-recourse borrowings are classified under level 2 of the fair value hierarchy with the exception of certain borrowings at the U.K. port operation, Chilean toll road and Peruvian toll road which are classified under level 1. For level 2 fair values, future cash flows are estimated based on observable forward interest rates at the end of the reporting period.*

(3) $20 million of preferred shares issued to wholly-owned subsidiaries of Brookfield.

Hedging Activities

Brookfield Infrastructure uses derivatives and non-derivative financial instruments to manage or maintain exposures to interest and currency risks. For certain derivatives which are used to manage exposures, Brookfield Infrastructure determines whether hedge accounting can be applied. When hedge accounting can be applied, a hedge relationship can be designated as a fair value hedge, cash flow hedge or a hedge of foreign currency exposure of a net investment in a foreign operation with a functional currency other than the U.S. dollar. To qualify for hedge accounting the derivative must be highly effective in accomplishing the objective of offsetting changes in the fair value or cash flows attributable to the hedged risk both at inception and over the life of the hedge. If it is determined that the derivative is not highly effective as a hedge, hedge accounting is discontinued prospectively.

Cash Flow Hedges

Brookfield Infrastructure uses interest rate swaps to hedge the variability in cash flows related to a variable rate asset or liability and highly probably forecast issuances of debt. The settlement dates coincide with the dates on which the interest is payable on the underlying debt, and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss. For the year ended December 31, 2016, pre-tax net unrealized losses of $14 million (2015: losses of $41 million, 2014: losses of $41 million) were recorded in other comprehensive income for the effective portion of the cash flow hedges. As at December 31, 2016, there was a net derivative asset balance of $464 million relating to derivative contracts designated as cash flow hedges (2015: $376 million asset).

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Net Investment Hedges

Brookfield Infrastructure uses foreign exchange contracts and foreign currency denominated debt instruments to manage its foreign currency exposures arising from net investments in foreign operations having a functional currency other than the U.S. dollar. For the year ended December 31, 2016, unrealized net gains of $70 million (2015: losses of $131 million, 2014: gains of $118 million) were recorded in other comprehensive income for the effective portion of hedges of net investments in foreign operations. Further, Brookfield Infrastructure recognized a $99 million gain (2015: gain of $220 million, 2014: gain of $23 million) in other comprehensive income relating to the net settlement of foreign exchange contracts in the period. As at December 31, 2016, there was a net unrealized derivative asset balance of $73 million relating to derivative contracts designated as net investment hedges (2015: net unrealized derivative liability balance of $5 million).

Fair Value Hierarchical Levels—Financial Instruments

Fair value hierarchical levels are directly determined by the amount of subjectivity associated with the valuation inputs of these assets and liabilities, and are as follows:

Level 1	—	Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
Level 2	—	Inputs other than quoted prices included in Level 1 are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life. Fair valued assets and liabilities that are included in this category are primarily certain derivative contracts and other financial assets carried at fair value in an inactive market.
Level 3	—	Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs to determining the estimate. Fair valued assets and liabilities that are included in this category are interest rate swap contracts, derivative contracts, certain equity securities carried at fair value which are not traded in an active market and the non-controlling interest's share of net assets of limited life funds.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

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The fair value of our partnership's financial assets and financial liabilities are measured at fair value on a recurring basis. The following table summarizes the valuation techniques and significant inputs for Brookfield Infrastructure's financial assets and financial liabilities:

US$ MILLIONS	Fair value hierarchy	Dec. 31, 2016	Dec. 31, 2015
Marketable securities	Level 1[(1)]	**$ 3**	$ 1,281
Foreign currency forward contracts	Level 2[(2)]		
Financial asset		**$ 210**	$ 111
Financial liability		**48**	48
Interest rate swaps & other	Level 2[(2)]		
Financial asset		**$ 653**	$ 600
Financial liability		**287**	488
Other contracts			
Financial asset	Level 3[(3)]	**$ 42**	$ 30
Financial liability	Level 3[(3)]	**46**	46

(1) Valuation technique: Quoted bid prices in an active market.

(2) Valuation technique: Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects our credit risk and the credit risk of various counterparties.

(3) *Valuation technique: Discounted cash flow. Future cash flows primarily driven by freight volumes and the use of assumptions concerning the amount and timing of estimated future cash flows and discount rates.*

Assets and liabilities measured at fair value on a recurring basis include $908 million (2015: $2,022 million) of financial assets and $381 million (2015: $582 million) of financial liabilities which are measured at fair value using valuation inputs based on management's best estimates.

During the year, no transfers were made between level 1 and 2 or level 2 and 3. The following table categorizes financial assets and liabilities, which are carried at fair value, based upon the level of input.

	Dec. 31, 2016			Dec. 31, 2015		
US$ MILLIONS	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Marketable securities	**$ 3**	**$ —**	**$ —**	$ 1,281	$ —	$ —
Financial assets (current and non-current)	**—**	**863**	**42**	—	711	30
Financial liabilities						
Financial liabilities (current and non-current)	**$ —**	**$ 335**	**$ 46**	$ —	$ 536	$ 46

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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NOTE 7. CASH AND CASH EQUIVALENTS

US$ MILLIONS	2016	2015
Cash	**$ 652**	$ 110
Restricted cash[1]	**84**	—
Cash equivalents[2]	**50**	89
Total cash and cash equivalents	**$ 786**	$ 199

(1) Restricted cash primarily relates to our partnership's financing arrangements, including debt service accounts.

(2) *Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.*

NOTE 8. FINANCIAL ASSETS

US$ MILLIONS	2016	2015
Current:		
Foreign currency forward contracts	**$ 132**	$ 82
Loans and receivables	**73**	—
Other	**33**	7
Marketable securities	**3**	350
Total current	**$ 241**	$ 439
Non-current:		
Cross currency interest rate swaps	**$ 589**	$ 568
Marketable securities	**—**	931
Loans and receivables	**172**	330
Foreign currency forward contracts	**78**	29
Other	**61**	55
Total non-current	**$ 900**	$ 1,913

NOTE 9. ACCOUNTS RECEIVABLE AND OTHER

US$ MILLIONS	2016	2015
Current:		
Accounts receivable	**$ 395**	$ 300
Prepayments & other assets	**90**	22
Total current	**$ 485**	$ 322
Non-current:		
Tax recovery receivables	**$ 55**	$ —
Other assets	**110**	64
Total non-current	**$ 165**	$ 64

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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NOTE 10. INVENTORY

US$ MILLIONS	2016	2015
Current:		
Natural gas inventory	**$ 82**	$ —
Raw materials and consumables	**19**	13
Carrying amount of inventories	**$ 101**	$ 13

During the year ended December 31, 2016, Brookfield Infrastructure recognized $154 million (2015: $nil, 2014: $nil) worth of inventories as an expense in the Consolidated Statements of Operating Results and $nil (2015: $nil, 2014: $nil) relating to impairments of inventory.

NOTE 11. INVESTMENT IN ASSOCIATES AND JOINT VENTURES

The following table presents the ownership interest and carrying values of Brookfield Infrastructure's investments in associates and joint ventures:

	Ownership Interest		Voting Interest		Carrying Value	
US$ MILLIONS	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2015
Brazilian toll road[1],[2]	**49%**	40%	**49%**	40%	**$ 1,505**	$ 759
North American natural gas transmission operation[3],[4]	**50%**	50%	**50%**	50%	**806**	425
South American transmission operation	**28%**	28%	**28%**	28%	**699**	651
European telecommunications infrastructure operations[5]	**21%**	21%	**21%**	21%	**536**	437
Brazilian rail business	**11%**	11%	**11%**	11%	**376**	261
Australian ports operation[6]	**13%**	—	**13%**	—	**181**	—
Other[7]	**11%-50%**	11%-50%	**11%-50%**	11%-50%	**624**	440
Total					**$ 4,727**	$ 2,973

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As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The following table represents the change in the balance of investments in associates and joint ventures:

US$ MILLIONS	2016	2015
Balance at beginning of year	**$ 2,973**	$ 2,412
Share of earnings for the year[2],[3]	**248**	69
Foreign currency translation and other	**219**	(593)
Share of other reserves for the year—OCI	**225**	180
Distributions	**(46)**	(87)
Acquisitions[2],[3],[4],[5],[6],[7]	**1,108**	681
Reclassification from asset held for sale[3]	**—**	311
Balance at end of year	**$ 4,727**	$ 2,973

(1) Brookfield Infrastructure consolidates an 8% investment in the Brazilian toll road operation which is attributable to non-controlling interests of others in operating subsidiaries.

(2) *Share of earnings for the year ended December 31, 2016 includes $195 million of non-recurring gains primarily related to certain of our transport and energy operations.*

(3) *During the fourth quarter of 2015, Brookfield Infrastructure reached agreements with its partners to increase its interest in its North American natural gas transmission operation from 26.5% to 50.0% for a cash payment of $106 million and amendments to the governance terms of this arrangement. Due to the increase in ownership mentioned above, our partnership discontinued its plan to dispose of its interest in its North American natural gas transmission business. The North American natural gas transmission business, which had been reported as an asset held for sale with a carrying value of $311 million since the fourth quarter of 2014, was reclassified out of assets held for sale in the fourth quarter of 2015 and has since been accounted for as a joint venture.*

(4) *In April 2016, Brookfield Infrastructure and its partner in its North American natural gas transmission operation each injected $312 million into the business to pay down operating level debt.*

(5) *On March 31, 2015, Brookfield Infrastructure, through a Brookfield-sponsored fund, acquired a 21% interest in a French telecommunications infrastructure operations for $415 million. Brookfield Infrastructure has significant influence through its position in the business. Accordingly, Brookfield Infrastructure equity accounts for the entity.*

(6) *In August 2016, Brookfield Infrastructure expanded its ports operations in Australia as it acquired an effective 13% interest in PTH No 1 Pty Ltd ("Patrick") through a Brookfield-sponsored infrastructure fund, alongside institutional partners, for total consideration of $202 million. The Brookfield Consortium maintains 50% of the voting rights of Patrick in a joint venture with Qube Holdings Limited, along with its institutional partners. Brookfield Infrastructure has joint control through its position in the business. Accordingly, Brookfield Infrastructure equity accounts for the entity.*

(7) *Other includes our partnership's Texas electricity transmission project, Brazil electricity transmission operation, European port operation, North American west coast container terminal, U.S. gas storage operation and other investments in associates and joint ventures held through consolidated subsidiaries.*

Privatization of Brazilian toll road operation

In May 2016, Brookfield Infrastructure, alongside an institutional investor and its partner in the business, executed a privatization of the Brazilian toll road operation. The privatization resulted in our partnership's ownership interest increasing from 40% to 48% in exchange for cash consideration of $73 million.

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Subsequent to the transaction, Brookfield Infrastructure continues to maintain its significant influence in the business and accordingly continues to equity account for the entity. In accordance with IAS 28, *Investments in Associates and Joint Ventures*, the consideration paid for the additional interest in the associate was compared to Brookfield Infrastructure's proportionate share of the investment's underlying fair value with a non-cash gain recorded for the difference between the cost and the underlying fair values of the identifiable net assets of the associate.

The following table compares Brookfield Infrastructure's proportionate share of the fair value of the identifiable net assets acquired to the consideration paid for the privatization of the Brazilian toll road operation:

US$ MILLIONS	
Brookfield Infrastructure's share of the fair value of the identifiable net assets	**$ 173**
Total consideration	**73**
Excess of identifiable net assets over consideration paid	**$ 100**

The excess of identifiable net assets over consideration paid was recorded in share of earnings from investments in associates and joint ventures within the Consolidated Statements of Operating Results.

In conjunction with the aforementioned transaction, Brookfield Infrastructure assessed the recoverable amount of its investment in the Brazilian toll road operation. It was determined that the recoverable amount of the investment on the date of the privatization exceeded the carrying amount of the investment. Concurrent with the privatization, an arm's length institutional investor agreed to invest alongside Brookfield Infrastructure on future growth capital requirements and to repay maturing debt in the business for a stipulated period and agreed upon valuation of the Brazilian toll road operation. As this arrangement represents observable evidence of independent market participants transacting, Brookfield Infrastructure included this data point in the annual evaluation of the recoverable amount of the interest in the Brazilian toll road operation.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The following tables present the gross assets and liabilities of Brookfield Infrastructure's investments in associates and joint ventures:

	As at December 31, 2016								
	Total							Attributable to	
US$ MILLIONS	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Total Net Assets	Other Ownership Interests	Partnership's Share
Brazilian toll road	$ 263	$ 4,977	$ 5,240	$ 823	$ 1,665	$ 2,488	$ 2,752	$ 1,247	$ 1,505
North American natural gas transmission operation	122	5,767	5,889	1,353	2,925	4,278	1,611	805	806
South American transmission operation	221	5,519	5,740	142	3,234	3,376	2,364	1,665	699
European telecommunications infrastructure operation	328	5,437	5,765	443	2,528	2,971	2,794	2,258	536
Brazilian rail business	460	5,265	5,725	674	1,645	2,319	3,406	3,030	376
Australian ports operation	171	2,166	2,337	66	1,229	1,295	1,042	861	181
Other	360	4,378	4,738	515	1,827	2,342	2,396	1,772	624
Total	$ 1,925	$ 33,509	$ 35,434	$ 4,016	$ 15,053	$ 19,069	$ 16,365	$ 11,638	$ 4,727

	As at December 31, 2015								
	Total							Attributable to	
US$ MILLIONS	Current Assets	Non-Current Assets	Total Assets	Current Liabilities	Non-Current Liabilities	Total Liabilities	Total Net Assets	Other Ownership Interests	Partnership's Share
Brazilian toll road	$ 230	$ 3,745	$ 3,975	$ 656	$ 1,636	$ 2,292	$ 1,683	$ 924	$ 759
North American natural gas transmission operation	136	5,565	5,701	226	4,623	4,849	852	427	425
South American transmission operation	148	5,150	5,298	333	2,814	3,147	2,151	1,500	651
European telecommunications infrastructure operation	416	4,790	5,206	370	2,421	2,791	2,415	1,978	437
Brazilian rail business	512	3,386	3,898	164	1,324	1,488	2,410	2,149	261
Other	284	3,586	3,870	212	1,738	1,950	1,920	1,480	440
Total	$ 1,726	$ 26,222	$ 27,948	$ 1,961	$ 14,556	$ 16,517	$ 11,431	$ 8,458	$ 2,973

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The following tables present the gross amounts of revenue, net income, other comprehensive income and distributions from Brookfield Infrastructure's investments in associates and joint ventures for the years ended December 31, 2016, 2015, and 2014:

	Year ended December 31, 2016					
	Total				Attributable to	
US$ MILLIONS	Revenue	Net Income	OCI	Total Comprehensive Income	Other Ownership Interests	Partnership's Share
Brazilian toll road	$ 766	$ 185	$ 382	$ 567	$ 275	$ 292
North American natural gas transmission operation	573	133	5	138	69	69
South American transmission operation	433	38	217	255	184	71
European telecommunications infrastructure operation	767	121	376	497	393	104
Brazilian rail business	1,024	70	976	1,046	931	115
Australian ports operation	164	(31)	(81)	(112)	(97)	(15)
Other	1,091	54	280	334	278	56
Total	$ 4,818	$ 570	$ 2,155	$ 2,725	$ 2,033	$ 692

	Year ended December 31, 2015					
	Total				Attributable to	
US$ MILLIONS	Revenue	Net Income	OCI	Total Comprehensive Income	Other Ownership Interests	Partnership's Share
Brazilian toll road	$ 758	$ (12)	$ (1,118)	$ (1,130)	$ (778)	$ (352)
North American natural gas transmission operation	522	(29)	—	(29)	(19)	(10)
South American transmission operation	432	75	(145)	(70)	(51)	(19)
European telecommunications infrastructure operation	579	62	72	134	104	30
Brazilian rail business	1,074	136	(668)	(532)	(474)	(58)
Other	947	94	212	306	241	65
Total	$ 4,312	$ 326	$ (1,647)	$ (1,321)	$ (977)	$ (344)

	Year ended December 31, 2014					
	Total				Attributable to	
US$ MILLIONS	Revenue	Net Income	OCI	Total Comprehensive Income	Other Ownership Interests	Partnership's Share
Brazilian toll road	$ 1,056	$ 88	$ (431)	$ (343)	$ (236)	$ (107)
South American transmission operation	434	65	30	95	60	35
Asia Pacific energy distribution	459	58	(480)	(422)	(376)	(46)
Other	929	26	72	98	106	(8)
Total	$ 2,878	$ 237	$ (809)	$ (572)	$ (446)	$ (126)

As at December 31, 2016 and 2015, none of the associates or joint ventures have quoted prices in an active market.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

US$ MILLIONS	Utility Assets	Transport Assets	Energy Assets	Total Assets
Gross Carrying Amount:				
Balance at January 1, 2015	$ 3,123	$ 2,245	$ 1,661	$ 7,029
Additions, net of disposals and assets classified to held for sale	47	119	(89)	77
Acquisitions through business combinations	74	12	17	103
Net foreign currency exchange differences	(299)	(226)	(132)	(657)
Balance at December 31, 2015	$ 2,945	$ 2,150	$ 1,457	$ 6,552
Additions, net of disposals	**399**	**76**	**89**	**564**
Non-cash (disposals) additions	**(31)**	**3**	**—**	**(28)**
Acquisitions through business combinations[(1)]	**—**	**242**	**825**	**1,067**
Net foreign currency exchange differences	**(418)**	**(109)**	**9**	**(518)**
Balance at December 31, 2016	**$ 2,895**	**$ 2,362**	**$ 2,380**	**$ 7,637**
Accumulated depreciation:				
Balance at January 1, 2015	$ (254)	$ (343)	$ (127)	$ (724)
Depreciation expense	(126)	(113)	(86)	(325)
Non-cash disposals	48	1	37	86
Net foreign currency exchange differences	41	37	17	95
Balance at December 31, 2015	$ (291)	$ (418)	$ (159)	$ (868)
Depreciation expense	**(128)**	**(127)**	**(99)**	**(354)**
Non-cash disposals	**—**	**4**	**—**	**4**
Net foreign currency exchange differences	**36**	**24**	**—**	**60**
Balance at December 31, 2016	**$ (383)**	**$ (517)**	**$ (258)**	**$ (1,158)**
Accumulated fair value adjustments:				
Balance at January 1, 2015	$ 768	$ 800	$ 211	$ 1,779
Fair value adjustments	392	62	192	646
Dispositions and assets reclassified to held for sale assets	(111)	—	(150)	(261)
Net foreign currency exchange differences	(104)	(85)	(27)	(216)
Balance at December 31, 2015	$ 945	$ 777	$ 226	$ 1,948
Fair value adjustments	**185**	**25**	**125**	**335**
Net foreign currency exchange differences	**(87)**	**(20)**	**1**	**(106)**
Balance at December 31, 2016	**$ 1,043**	**$ 782**	**$ 352**	**$ 2,177**
Net book value:				
December 31, 2016	**$ 3,555**	**$ 2,627**	**$ 2,474**	**$ 8,656**
December 31, 2015	$ 3,599	$ 2,509	$ 1,524	$ 7,632

(1) See Note 5, Acquisition of Business for additional information.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The fair value of our partnership's property, plant, and equipment is measured at fair value on a recurring basis with an effective date of revaluation for all asset classes of December 31, 2016 and 2015. Brookfield Infrastructure determined fair value under the income method. Assets under development were revalued where fair value could be reliably measured. The following table summarizes the valuation techniques and significant inputs for Brookfield Infrastructure's property, plant and equipment assets, categorized by segment. Our partnership has classified all assets below under level 3 of the fair value hierarchy:

	Dec. 31, 2016				Dec. 31, 2015			
Segment	Valuation Technique	Discount Rate	Terminal Value Multiple	Investment Horizon	Valuation Technique	Discount Rate	Terminal Value Multiple	Investment Horizon
Utilities	Discounted cash flow model	7% to 12%	7x to 18x	10 to 20 yrs	Discounted cash flow model	8% to 12%	8x to 17x	10 to 20 yrs
Transport	Discounted cash flow model	10% to 17%	8x to 14x	10 to 20 yrs	Discounted cash flow model	11% to 15%	10x to 14x	10 to 20 yrs
Energy	Discounted cash flow model	9% to 14%	10x to 12x	10 yrs	Discounted cash flow model	10% to 15%	7x to 12x	10 yrs

An increase in the discount rate would lead to a decrease in the fair value of property, plant and equipment. Additionally, an increase in the discount rate could result in a decrease to the terminal value multiple which would further decrease the value of property, plant and equipment. Conversely, an increase to the terminal value multiple would increase the fair value of property, plant and equipment.

At December 31, 2016, Brookfield Infrastructure carried out an assessment of the fair value of its Utilities property, plant and equipment, resulting in a gain from revaluation of $185 million (2015: $392 million) which was recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income. The carrying amount of Utilities property, plant and equipment that would have been recognized had the assets been carried under the cost model is $2,512 million (2015: $2,654 million).

At December 31, 2016, Brookfield Infrastructure carried out an assessment of the fair value of its Transport property, plant and equipment. A gain from revaluation of $25 million (2015: $62 million) was recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income. The carrying amount of Transport assets that would have been recognized had the assets been carried under the cost model is $1,845 million (2015: $1,732 million).

At December 31, 2016, Brookfield Infrastructure carried out an assessment of the fair value of its Energy property, plant and equipment. A gain from revaluation of $125 million (2015: $192 million) was recognized in revaluation surplus in the Consolidated Statements of Comprehensive Income. The carrying amount of Energy assets that would have been recognized had the assets been carried under the cost model is $2,122 million (2015: $1,298 million).

The fair value of our partnership's property, plant, and equipment is measured at fair value on a recurring basis with an effective date of revaluation for the majority of all asset classes of December 31, 2016 and 2015.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

NOTE 13. INTANGIBLE ASSETS

US$ MILLIONS	2016	2015
Cost	**$ 4,732**	$ 3,485
Accumulated amortization	**(267)**	(189)
Net intangible assets	**$ 4,465**	$ 3,296

Intangible assets are allocated to the following cash generating units:

US$ MILLIONS	Dec. 31, 2016	Dec. 31, 2015
Australian regulated terminal	**$ 1,817**	$ 1,840
Chilean toll roads	**1,054**	1,041
Peruvian toll roads	**1,049**	—
U.K. port operation	**265**	316
Indian toll roads	**136**	—
Other	**144**	99
Total	**$ 4,465**	$ 3,296

The intangible assets at Brookfield Infrastructure's Australian regulated terminal operation, Chilean toll roads, Peruvian toll roads and Indian toll roads relate to service concession arrangements.

The terms and conditions of access to the Australian regulated terminal's services, including tariffs that can be charged to the users, are regulated by the Queensland Competition Authority. Brookfield Infrastructure's Australian regulated terminal operation has Standard Access Agreements with the users of the terminal which entails 100% take or pay contracts at a designated tariff rate based on the asset value. The concession arrangement has an expiration date of 2051 with an option to extend the arrangement for an additional 49 years.

The terms and conditions of the Chilean toll roads concession, including tariffs that can be charged to the users and the duties to be performed by the operator, are regulated by the Ministerio de Obras Publicas ("MOP"). The service concession provides the operator the right to charge a tariff to vehicles which use the road over the term of the concession in exchange for operating the road, including preserving the road based on a defined maintenance and construction schedule. Tariffs are adjusted annually for the Chilean Consumer Price Index plus 3.5%, in addition to congestion charges which may be levied should specified traffic levels be reached. The concession arrangement has an expiration date of 2033 at which point the underlying concessions assets will be returned to the MOP.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The terms and conditions of the Peruvian toll roads concession, including tariffs that can be charged to the users and the duties to be performed by the operator, are regulated by the Municipalidad Metropolitana de Lima ("MML") and its municipal arm, Fondo Metropolitano de Inversiones. The service concession provides the operator the right to charge a tariff to vehicles which use the road network over the life of the concession in exchange for the design, construction, improvement, maintenance and operation of the road network. Until December 2018, tariffs are increased by fixed amounts and on specified dates, and thereafter, are adjusted annually for the Lima Metropolitana Consumer Price Index. For the year ended December 31, 2016, $66 million of revenues (2015: $nil, 2014: $nil) and profit of $nil (2015: $nil, 2014: $nil) were recognized, and $20 million (2015: $nil, 2014: $nil) of borrowing costs were capitalized as an intangible asset, due to construction services relating to the concession arrangement using the percentage-of-completion method. The concession arrangement has an expiration date of 2043 at which point the underlying concession assets will be returned to the MML.

The intangible asset at Brookfield Infrastructure's U.K. port operation relates to a conservancy right. As a right in perpetuity issued by the Statutory Harbour Authority in the U.K., the conservancy right is classified as having an indefinite life, and is subject to an annual impairment review.

The terms and conditions of Mumbai Nasik Indian toll road concession, including tariffs that can be charged to the users and the duties to be performed by the operator, are regulated by National Highways Authority of India ("NHAI"). The Service Concession Agreement provides the operator the right to charge a tariff to vehicles which use the road over the term of the concession in exchange for operating the road, including preserving the road based on a defined maintenance schedule. Tariffs are revised annually for the Indian Wholesale Price Index. The Concession Arrangement has an expiration date of 2027 at which point the underlying concessions assets will be returned to NHAI.

There is no impairment of intangible assets recorded as a result of annual impairment test for the year ended December 31, 2016 (2015: $nil, 2014: $nil).

The carrying value as at December 31, 2016, of Brookfield Infrastructure's indefinite lived intangibles is $274 million (2015: $316 million).

The following table presents the change in the cost balance of intangible assets:

US$ MILLIONS	2016	2015
Cost at beginning of the year	**$ 3,485**	$ 3,729
Additions, net of disposals	**116**	48
Acquisitions through business combinations[(1)]	**1,189**	137
Reclassified as held for sale	**—**	(2)
Foreign currency translation	**(58)**	(427)
Cost at end of year	**$ 4,732**	$ 3,485

(1) See Note 5, Acquisition of Business for additional information.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The following table presents the accumulated amortization for Brookfield Infrastructure's intangible assets:

US$ MILLIONS	2016	2015
Accumulated amortization at beginning of year	$ **(189)**	$ (154)
Amortization	**(93)**	(50)
Foreign currency translation	**15**	15
Accumulated amortization at end of year	$ **(267)**	$ (189)

NOTE 14. GOODWILL

US$ MILLIONS	Dec. 31, 2016	Dec. 31, 2015
Cost	$ **79**	$ 84
Acquisitions through business combinations[(1)]	**431**	—
Foreign currency translation	**(21)**	(5)
Other	**13**	—
Total	$ **502**	$ 79

(1) See Note 5, Acquisition of Business for additional information.

NOTE 15. INVESTMENT PROPERTIES

US$ MILLIONS	U.K. port operation
Gross carrying amount:	
Balance at January 1, 2015	$ **162**
Foreign exchange differences	**(9)**
Balance at December 31, 2015	$ **153**
Additions, net of disposals	**3**
Non-cash additions	**10**
Fair value adjustments	**12**
Foreign currency translation	**(24)**
Balance at December 31, 2016	$ **154**

For the year ended December 31, 2016, fair value adjustments of $12 million were recognized for the U.K. port operation (2015: $nil).

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Investment properties are measured at fair value on a recurring basis and the effective date of revaluation is December 31, 2016 and 2015. The fair value of our partnership's investment properties are determined by management of our partnership with due consideration given to other relevant market conditions. The following table summarizes the valuation techniques and significant inputs for Brookfield Infrastructure's investment property. Our partnership has classified all assets below under level 3 of the fair value hierarchy:

Segment	Valuation technique	Significant unobservable inputs	Range of inputs
Transport	Direct Income Capitalization	Capitalization Rate	6% to 14%

An increase in the capitalization rate would lead to a decrease in the fair value of investment property, with the opposite impact for a decrease in the capitalization rate.

NOTE 16. ACCOUNTS PAYABLE AND OTHER

US$ MILLIONS	Note	2016	2015
Current:			
Accounts payable[(1)]		**$ 266**	$ 196
Accrued & other liabilities		**274**	149
Deferred revenue	(i)	**108**	114
Provisions		**64**	15
Total current		**$ 712**	$ 474
Non-current:			
Deferred revenue	(i)	**$ 293**	$ 300
Long-term payables		**—**	133
Pension liabilities[(2)]		**98**	57
Provisions		**41**	16
Other liabilities		**148**	95
Total non-current		**$ 580**	$ 601

(1) The average credit period on purchases of goods and services is 30 days. No interest is incurred on trade creditors. Brookfield Infrastructure has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

(2) See Note 31, Retirement Benefit Plans for further details.

Brookfield Infrastructure's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 34, Financial Risk Management.

(i) **Deferred revenue**

Deferred revenue relates primarily to cash contributions from third parties to build or upgrade existing network capabilities at Brookfield Infrastructure's Australian rail operation and for future natural gas and electricity connections at Brookfield Infrastructure's U.K. regulated distribution operation. The deferred revenue is recorded on receipt of cash payments and recognized as revenue over the life of the contracted track access or connections arrangement.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

NOTE 17. FINANCIAL LIABILITIES

US$ MILLIONS	2016	2015
Current:		
Foreign currency forward contracts	**$ 47**	$ 43
Other financial liabilities	**182**	116
Total current financial liabilities	**$ 229**	$ 159
Non-current:		
Interest rate swaps	**$ 34**	$ 172
Inflation swaps	**97**	225
Other financial liabilities	**21**	26
Total non-current financial liabilities	**$ 152**	$ 423

NOTE 18. BORROWINGS

(a) Corporate Borrowings

Brookfield Infrastructure has a $1.975 billion senior unsecured revolving credit facility used for general working capital including acquisitions. The $1.975 billion is available on a revolving basis for the full term of the facility. All amounts outstanding under this facility will be repayable on June 30, 2021. All obligations of Brookfield Infrastructure under the facility are guaranteed by our partnership. Loans under this facility accrue interest at a floating rate based on LIBOR plus 1.20%. Brookfield Infrastructure is required to pay an unused commitment fee under the facility of 18 basis points per annum. As at December 31, 2016, draws on the credit facility were $nil (2015: $407 million) and $46 million of letters of credit were issued (2015: $83 million).

	Maturity	Annual Rate	Currency	2016	2015
Corporate revolving credit facility	June 30, 2021	LIBOR plus 1.2%	US$	**$ —**	$ 407
Medium Term Notes[(1)]:					
Public - Canadian	October 10, 2017	3.5%	C$	**295**	286
Public - Canadian	October 30, 2018	3.0%	C$	**93**	90
Public - Canadian	October 30, 2020	3.5%	C$	**279**	271
Public - Canadian	March 11, 2022	3.5%	C$	**335**	326
Total				**$ 1,002**	$ 1,380

(1) See Note 19, Subsidiary Public Issuers for further details.

Subsequent to year end, on February 22, 2017, Brookfield Infrastructure Finance ULC, a wholly-owned subsidiary of our partnership, issued C$300 million of medium-term notes maturing February 22, 2024 with a coupon of 3.3%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.1%.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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(b) Non-Recourse Borrowings

The current and non-current balances of non-recourse borrowings are as follows:

US$ MILLIONS	Dec. 31, 2016	Dec. 31, 2015
Current	$ 279	$ 302
Non-current	7,045	5,550
Total	$ 7,324	$ 5,852

Principal repayments on non-recourse borrowings due over the next five years and thereafter are as follows:

US$ MILLIONS	Utilities	Transport	Energy	Total
2017	$ —	$ 155	$ 132	$ 287
2018	—	80	153	233
2019	78	226	222	526
2020	349	189	3	541
2021	417	219	4	640
Thereafter	2,356	2,297	456	5,109
Total Principal repayments	3,200	3,166	970	7,336
Deferred financing costs and other	7	(3)	(16)	(12)
Total—Dec. 31, 2016	$ 3,207	$ 3,163	$ 954	$ 7,324
Total—Dec. 31, 2015	$ 2,955	$ 2,353	$ 544	$ 5,852

The weighted average interest rate of non-recourse borrowings are as follows:

US$ MILLIONS	Utilities	Transport	Energy	Total
Dec. 31, 2016	**4%**	**5%**	**5%**	**5%**
Dec. 31, 2015	5%	6%	5%	5%

Principal repayments on non-recourse borrowings in their local currency are as follows:

US$ MILLIONS, except as noted	Dec. 31, 2016	Local Currency		Dec. 31, 2015	Local Currency	
Australian dollars	$ 922	AUD	1,281	$2,823	AUD	3,874
British pounds	1,390	GBP	1,125	1,544	GBP	1,047
U.S. dollars	3,039	USD	3,039	292	USD	292
Chilean Unidad de Fomento[(1)]	901	UF	23	846	UF	23
Canadian dollars	263	CAD	354	221	CAD	306
Colombian pesos	133	COP	403,030	126	COP	400,155
Peruvian soles	439	PEN	1,473	—	PEN	—
Indian rupees	196	INR	13,324	—	INR	—
New Zealand dollars	41	NZD	59	—	NZD	—

(1) Chilean Unidad de Fomento is an inflation adjusted unit of account indexed to the Chilean Peso.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Brookfield Infrastructure has entered into a $500 million revolving credit facility with Brookfield maturing on February 11, 2018 to provide additional liquidity for general corporate purposes and capital expenditures, if required. All obligations of Brookfield Infrastructure under the facility were guaranteed by our partnership. Loans under this facility accrued interest on LIBOR plus 2.00% and no commitment fees were incurred for any undrawn balance. As of December 31, 2016, there were $nil of borrowings outstanding and no draws were made subsequent to year end.

NOTE 19. SUBSIDIARY PUBLIC ISSUERS

An indenture dated as of October 10, 2012 between certain wholly-owned subsidiaries of our partnership, Brookfield Infrastructure Finance ULC, Brookfield Infrastructure Finance LLC, Brookfield Infrastructure Finance Pty Ltd and Brookfield Infrastructure Finance Limited (collectively, the "Debt Issuers" together with Brookfield Infrastructure Preferred Equity Inc. the "Issuers"), and Computershare Trust Company of Canada, as supplemented and amended from time to time ("Indenture") provides for the distribution of one or more series of unsecured debentures or notes of the Debt Issuers. The Debt Issuers may offer and sell these instruments in one or more issuances in the aggregate, of up to C$2 billion (or the equivalent in other currencies).

On October 30, 2015, the Debt Issuers issued C$500 million of medium-term notes under the Indenture in the Canadian bond market in two tranches: C$125 million of three year notes maturing October 30, 2018 with a coupon of 3.0%; and C$375 million of five year notes maturing October 30, 2020 with a coupon of 3.5%. The three-year and five-year bonds were swapped into U.S. dollars on a matched maturity basis at an all-in rate of 3.8%.

On March 11, 2015, the Debt Issuers issued C$450 million of medium-term notes under the Indenture maturing March 11, 2022 in the Canadian bond market with a coupon of 3.5%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 3.9%.

On October 10, 2012, the Debt Issuers issued C$400 million of medium-term notes under the Indenture maturing October 10, 2017 in the Canadian bond market with a coupon of 3.5%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 2.7%.

Subsequent to year end, on February 22, 2017, the Debt Issuers issued C$300 million of medium-term notes under the Indenture maturing February 22, 2024 in the Canadian bond market with a coupon of 3.3%, which was swapped into U.S. dollars on a matched maturity basis at an all-in rate of 4.1%.

These notes are unconditionally guaranteed by our partnership and its subsidiaries the Holding LP, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and BIP Bermuda Holdings I Limited and, in the case of the notes issued in October 2012, Brookfield Infrastructure LLC.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The following tables set forth consolidated summary financial information for our partnership and the Issuers:

For the year ended December 31, 2016 US$ MILLIONS	Our partnership[2]	The Issuers	Subsidiaries of our partnership other than the Issuers[3]	Consolidating adjustments[4]	Our partnership consolidated
Revenues	**$ —**	**$ —**	**$ —**	**$ 2,115**	**$ 2,115**
Net income attributable to partnership[1]	**276**	**—**	**474**	**(276)**	**474**
For the year ended December 31, 2015					
Revenues	$ —	$ —	$ —	$ 1,855	$ 1,855
Net income attributable to partnership[1]	166	—	298	(166)	298
For the year ended December 31, 2014					
Revenues	$ —	$ —	$ —	$ 1,924	$ 1,924
Net income attributable to partnership[1]	101	—	184	(101)	184
As at December 31, 2016					
Current assets	**$ —**	**$ 3**	**$ —**	**$ 1,629**	**$ 1,632**
Non-current assets	**4,937**	**297**	**5,248**	**9,161**	**19,643**
Current liabilities	**—**	**5**	**—**	**1,510**	**1,515**
Non-current liabilities	**—**	**1,004**	**—**	**9,112**	**10,116**
Non-controlling interests—Redeemable Partnership Units held by Brookfield	**—**	**—**	**—**	**1,860**	**1,860**
Non-controlling interests—in operating subsidiaries	**—**	**—**	**—**	**2,771**	**2,771**
Preferred unitholders	**—**	**—**	**—**	**375**	**375**
As at December 31, 2015					
Current assets	$ —	$ 3	$ —	$ 1,550	$ 1,553
Non-current assets	3,979	293	6,052	5,858	16,182
Current liabilities	—	5	—	1,205	1,210
Non-current liabilities	—	979	—	8,370	9,349
Non-controlling interests—Redeemable Partnership Units held by Brookfield	—	—	—	1,518	1,518
Non-controlling interests—in operating subsidiaries	—	—	—	1,608	1,608
Preferred unitholders	—	—	—	189	189

(1) Includes net income attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

(2) Includes investments in all subsidiaries of our partnership under the equity method.

(3) Includes investments in all subsidiaries of the Holding LP, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation, BIP Bermuda Holdings I Limited and Brookfield Infrastructure LLC under the equity method except for Brookfield Infrastructure US Holdings I Corporation's investment in Brookfield Infrastructure LLC, which is presented on a combined basis as Brookfield Infrastructure LLC is a guarantor of the medium term notes issued in October 2012. As at and for the year ended December 31, 2016, the presentation of Brookfield Infrastructure US Holdings I Corporation's investment in Brookfield Infrastructure LLC on a combined basis was equivalent to its presentation under the equity method.

(4) Includes elimination of intercompany transactions and balances necessary to present our partnership on a consolidated basis.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

NOTE 20. PREFERRED SHARES

As at December 31, 2016, Brookfield Infrastructure Holdings (Canada) Inc., Brookfield Infrastructure US Holdings I Corporation and BIP Bermuda Holdings I Limited (wholly owned subsidiaries of Brookfield Infrastructure) have issued 196,000, 1 and 400,000 preferred shares, respectively to wholly owned subsidiaries of Brookfield, for proceeds of $5 million, $5 million and $10 million, respectively (2015: $5 million, $5 million and $10 million, respectively). Each preferred share is non-voting preferred and is redeemable at $25 per share except in the case of the preferred share issued by Brookfield Infrastructure US Holdings I Corporation, which is redeemable for $5 million. Each of these preferred shares is redeemable, together with any accrued and unpaid dividends, at the option of the issuer on or after the tenth anniversary of the date of issue, subject to certain restrictions. Further, these preferred shares entitle the holders thereof to a fixed cumulative 6% preferential cash dividend payable quarterly as and when declared by the issuer's board of directors. At December 31, 2016, there were no dividends in arrears.

NOTE 21. REVENUES

Brookfield Infrastructure's revenue arises from the rendering of services by the following operating segments:

US$ MILLIONS	2016	2015	2014
Utilities			
Regulated Terminal Operation	**$ 299**	$ 330	$ 384
Electricity Transmission	**27**	43	62
Regulated Distribution	**499**	491	505
Transport			
Rail	**270**	316	370
Ports	**360**	220	226
Toll Roads	**262**	113	105
Energy			
Transmission, Distribution & Storage	**141**	105	100
District Energy	**257**	237	172
	$ 2,115	$ 1,855	$ 1,924

NOTE 22. INTEREST EXPENSE

US$ MILLIONS	2016	2015	2014
Interest on corporate facility	**$ 12**	$ 5	$ 3
Interest on corporate debt	**39**	22	11
Interest on non-recourse borrowings	**338**	334	343
Other financing fees	**3**	6	5
	$ 392	$ 367	$ 362

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

NOTE 23. PAYROLL EXPENSE

Our partnership has no key employees or directors; therefore Brookfield Infrastructure does not remunerate key management personnel, details of the management fees paid during the year are disclosed in Note 32, Related Party Transactions. Key decision makers of Brookfield Infrastructure are all employees of the ultimate parent company who provide management services under Brookfield Infrastructure's Master Services Agreement.

Throughout the year, the General Partner in its capacity as our partnership's general partner, incurs director fees, a portion of which are charged to our partnership in accordance with the limited partnership agreement. Less than $1 million in director fees were incurred during the year ended December 31, 2016 (2015: less than $1 million, 2014: less than $1 million).

For the year ended December 31, 2016, payroll expense, including benefits at Brookfield Infrastructure's subsidiaries was $309 million (2015: $212 million, 2014: $203 million).

NOTE 24. NON-WHOLLY OWNED SUBSIDIARIES

The following tables present summarized accounts for non-wholly owned subsidiaries on the Consolidated Statement of Financial Position:

	As of December 31, 2016					
US$ MILLIONS	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Non-Controlling Interest in Operating Subsidiaries	Partnership Capital[1]
Utilities						
U.K. regulated distribution operation	$ 65	$ 2,985	$ 154	$ 1,919	$ 183	$ 794
Australian regulated terminal operation	27	2,162	(9)	1,926	70	202
Colombian regulated distribution operation	55	701	27	369	294	66
Transport						
U.K. port operation	42	754	108	324	150	214
Australian port operation	142	587	94	205	315	115
Chilean toll roads	102	1,069	50	941	89	91
Brazilian toll roads	42	466	27	—	189	292
Peruvian toll roads	127	1,261	27	635	610	116
Indian toll roads	52	264	36	186	58	36
Energy						
North American gas storage operation	199	1,141	136	478	452	274
Canadian district energy operation	15	570	13	290	209	73
U.S. district energy operation	43	697	62	537	73	68
Corporate & Other						
Holding LP	631	377	677	810	79	(558)
Total	$ 1,542	$ 13,034	$ 1,402	$ 8,620	$ 2,771	$ 1,783

(1) Attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

	As of December 31, 2015					
US$ MILLIONS	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Non-Controlling Interest in Operating Subsidiaries	Partnership Capital[1]
Utilities						
U.K. regulated distribution operation	$ 96	$ 3,075	$ 218	$ 1,871	$ 210	$ 872
Australian regulated terminal operation	37	2,192	261	1,635	90	243
Colombian regulated distribution operation	46	629	20	341	256	58
Transport						
U.K. port operation	68	852	57	441	175	247
Chilean toll roads	126	1,052	30	901	120	127
Brazilian toll roads	6	299	—	—	144	161
Energy						
North American gas storage operation	11	216	8	48	120	51
Canadian district energy operation	16	522	11	275	188	64
U.S. district energy operation	27	636	22	533	57	51
Corporate & Other						
Holding LP	470	1,522	425	1,470	248	(151)
Total	$ 903	$ 10,995	$ 1,052	$ 7,515	$ 1,608	$ 1,723

(1) Attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield, general partner and limited partners.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The following tables present summarized accounts for non-wholly owned subsidiaries on the Consolidated Statement of Operating Results:

	Year ended December 31, 2016				
		Attributable to non-controlling interest		Attributable to unitholders	
US$ MILLIONS	Revenue	Net Income (loss)	Other Comprehensive Income (loss)	Net Income (loss)	Other Comprehensive Income (loss)
Utilities					
U.K. regulated distribution operation	$ 347	$ 12	$ (14)	$ 79	$ (55)
Australian regulated terminal operation	299	15	(5)	46	(12)
Colombian regulated distribution operation	150	10	45	2	10
Transport					
U.K. port operation	178	11	(37)	20	(52)
Australian port operation	182	(18)	(24)	(7)	(8)
Chilean toll roads	127	(9)	7	(10)	8
Brazilian toll roads	—	6	38	5	25
Peruvian toll roads	97	(8)	(7)	(2)	(1)
Indian toll roads	39	(3)	1	(3)	—
Energy					
North American gas storage operation	100	1	—	1	—
Canadian district energy operation	79	(1)	31	1	11
U.S. district energy operation	111	(6)	31	—	20
Corporate & Other					
Holding LP	15	31	1	31	180
Total	$ 1,724	$ 41	$ 67	$ 163	$ 126

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

	Year ended December 31, 2015				
		Attributable to non-controlling interest		Attributable to unitholders	
US$ MILLIONS	Revenue	Net Income (loss)	Other Comprehensive Income (loss)	Net Income (loss)	Other Comprehensive Income (loss)
Utilities					
U.K. regulated distribution operation	$ 339	$ 21	$ 25	$ 122	$ 101
Australian regulated terminal operation	330	15	(4)	68	(9)
Colombian regulated distribution operation	152	13	(26)	16	(9)
Transport					
U.K. port operation	220	7	13	22	18
Chilean toll roads	113	(7)	(20)	(15)	(21)
Energy					
North American gas storage operation	20	(8)	5	(12)	1
Canadian district energy operation	80	—	6	—	2
U.S. district energy operation	114	(6)	8	(3)	5
Corporate & Other					
Holding LP	21	55	(90)	5	(32)
Total	$ 1,389	$ 90	$ (83)	$ 203	$ 56

	Year ended December 31, 2014				
		Attributable to non-controlling interest		Attributable to unitholders	
US$ MILLIONS	Revenue	Net Income	Other Comprehensive Income (loss)	Net Income (loss)	Other Comprehensive Income (loss)
Utilities					
U.K. regulated distribution operation	$ 310	$ 15	$ 29	$ 74	$ 114
Australian regulated terminal operation	385	23	3	80	6
New England electricity transmission operation	25	(1)	15	(1)	4
Colombian regulated distribution operation	194	36	17	44	3
Transport					
U.K. port operation	226	8	(21)	20	(32)
Chilean toll roads	105	(17)	(39)	(35)	(41)
Energy					
North American gas storage operation	7	(9)	5	(11)	1
Canadian district energy operation	82	—	10	(1)	3
U.S. district energy operation	48	(9)	9	(11)	6
Corporate & Other					
Holding LP	8	(1)	(43)	(58)	22
Total	$ 1,390	$ 45	$ (15)	$ 101	$ 86

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The following tables present summarized accounts for non-wholly owned subsidiaries on the Consolidated Statement of Cash Flows:

	Cash Flow Activities					
	Year ended December 31, 2016			Year ended December 31, 2015		
US$ MILLIONS	Operating	Investing	Financing	Operating	Investing	Financing
Utilities						
U.K. regulated distribution operation	**$ 244**	**$ (487)**	**$ 245**	$ 164	$ (242)	$ 92
Australian regulated terminal operation	**128**	**(22)**	**(106)**	103	(37)	(67)
New England electricity transmission operation	**—**	**—**	**—**	2	—	(2)
Colombian regulated distribution operation	**17**	**(18)**	**—**	16	(6)	(7)
Transport						
U.K. port operation	**33**	**(24)**	**(14)**	19	(66)	61
Australian port operation	**7**	**(99)**	**154**	—	—	—
Chilean toll roads	**63**	**(1)**	**(99)**	70	—	(38)
Brazilian toll roads	**2**	**(70)**	**70**	—	—	—
Peruvian toll roads	**29**	**25**	**1**	—	—	—
Indian toll roads	**(7)**	**28**	**(10)**	—	—	—
Energy						
North American gas storage operation	**(12)**	**6**	**46**	(3)	(1)	1
Canadian district energy operation	**27**	**(18)**	**(13)**	22	(16)	(23)
U.S. district energy operation	**26**	**(33)**	**9**	21	(13)	(7)
Corporate & Other						
Holding LP	**124**	**(282)**	**618**	92	(650)	554
Total	**$ 681**	**$ (995)**	**$ 901**	$ 506	$ (1,031)	$ 564

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

	Cash Flow Activities		
	Year ended December 31, 2014		
US$ MILLIONS	Operating	Investing	Financing
Utilities			
U.K. regulated distribution operation	$ 194	$ (202)	$ (7)
Australian regulated terminal operation	114	(27)	(99)
New England electricity transmission operation	10	—	(10)
Colombian regulated distribution operation	39	(1)	(75)
Transport			
U.K. port operation	50	(47)	(12)
Chilean toll roads	63	(8)	(16)
Energy			
North American gas storage operation	5	1	(1)
Canadian district energy operation	32	(23)	(40)
U.S. district energy operation	47	(30)	(16)
Corporate & Other			
Holding LP	(137)	(569)	458
Total	$ 417	$ (906)	$ 182

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

NOTE 25. INCOME TAXES

Our partnership is a flow through entity for tax purposes and as such is not subject to Bermudian taxation. However, income taxes are recognized for the amount of taxes payable by our partnership's corporate subsidiaries and for the impact of deferred income tax assets and liabilities related to such subsidiaries.

(a) Deferred Income Tax Balances

The sources of deferred income tax balances are as follows:

	As of December 31	
US$ MILLIONS	2016	2015
Deferred income tax assets		
Tax losses carried forward	**$ 357**	$ 239
Financial instruments and other	**125**	126
	$ 482	$ 365
Deferred income tax liabilities		
Property, plant and equipment and investment properties	**$ (1,306)**	$ (1,145)
Intangible assets	**(714)**	(523)
	$ (2,020)	$ (1,668)
Net deferred income tax liabilities	**$ (1,538)**	$ (1,303)
Reflected in the statement of financial position as follows:		
Deferred income tax assets	**$ 74**	$ 72
Deferred income tax liabilities	**(1,612)**	(1,375)
Net deferred income tax liabilities	**$ (1,538)**	$ (1,303)

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

The sources of deferred income tax balances and movements are as follows:

		Recognized in				
US$ MILLIONS	**Jan. 1, 2016**	**Net Income**	**Other Comprehensive Income**	**Other[1]**	**Acquisitions (Dispositions)**	**Dec. 31, 2016**
Deferred income tax assets related to non-capital losses and capital losses	**$ 239**	**$ 17**	**$ —**	**$ 4**	**$ 97**	**$ 357**
Deferred income tax liabilities related to differences in tax and book basis, net	**(1,542)**	**1**	**(75)**	**52**	**(331)**	**(1,895)**
Net deferred income tax liabilities	**$ (1,303)**	**$ 18**	**$ (75)**	**$ 56**	**$ (234)**	**$ (1,538)**

		Recognized in				
US$ MILLIONS	**Jan. 1, 2015**	**Net Income**	**Other Comprehensive Income**	**Other[1]**	**Acquisitions (Dispositions)**	**Dec. 31, 2015**
Deferred income tax assets related to non-capital losses and capital losses	$ 232	$ 22	$ —	$ (29)	$ 14	$ 239
Deferred income tax liabilities related to differences in tax and book basis, net	(1,574)	4	(141)	172	(3)	(1,542)
Net deferred income tax liabilities	$ (1,342)	$ 26	$ (141)	$ 143	$ 11	$ (1,303)

(1) Other items relates to foreign exchange as deferred income taxes are calculated based on the functional currency of each operating entity.

The amount of non-capital and capital losses and deductible temporary differences for which no deferred income tax assets have been recognized is approximately $820 million (2015: $615 million). Of the $820 million (2015: $615 million) deductible temporary differences not recognized, $442 million (2015: $371 million) relates to capital losses which carry forward indefinitely and have no expiry dates. The remaining $378 million (2015: $244 million) relates to non-capital losses, of which $5 million (2015: $nil) expire between 2020 to 2030 and $373 million (2015: $244 million) that carry forward indefinitely and have no expiry dates.

In 2016, as part of the acquisition of our Indian toll road business, a net deferred tax asset in respect of tax losses of $10 million was recognized. The benefit of these losses has been recognized based on management's best estimate that it is considered probable that future taxable profits would be available against which such losses can be utilized.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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(b) Income Tax Recognized in Profit or Loss

The major components of income tax expense include the following:

	For the year ended December 31,		
US$ MILLIONS	2016	2015	2014
Tax expense (recovery) comprises:			
Current income tax expense	**$ 33**	$ 22	$ 30
Deferred income tax expense (recovery)			
Origination and reversal of temporary differences	**(62)**	4	17
Changes in tax rates or the imposition of new taxes	**1**	(28)	22
Previously unrecognized deferred taxes	**43**	(2)	10
Total income tax expense (recovery)	**$ 15**	$ (4)	$ 79
Net income before income tax expense reconciles to income tax expense (recovery) as follows:			
Net income before income tax	**$ 543**	$ 387	$ 308
Income tax expense calculated at the domestic rates applicable to profits in the country concerned	**77**	74	75
Change in substantively enacted tax rates	**1**	(28)	23
Earnings from investments in associates and joint ventures	**(34)**	(16)	(8)
Non-taxable portion of loss	**—**	2	(1)
Income not assessable	**(62)**	(25)	(5)
International operations subject to different tax rates	**(6)**	(8)	(8)
Deferred tax assets not recognized	**41**	4	—
Permanent differences and other	**(2)**	(7)	3
Income tax expense (recovery) recognized in profit or loss	**$ 15**	$ (4)	$ 79

As our partnership is not subject to tax, the above reconciliation has been prepared using a composite statutory rate for jurisdictions where Brookfield Infrastructure's subsidiaries operate. The composite rate has decreased due to changes in the related operating income in the various subsidiaries and changes in local statutory rates.

Our partnership has approximately $2,230 million (2015: $2,140 million) of temporary differences associated with investments in subsidiaries, associates and joint ventures for which no deferred income taxes have been provided.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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(c) Income Tax Recognized Directly in Other Comprehensive Income

US$ MILLIONS	2016	2015	2014
Deferred income tax arising on income and expenses recognized in other comprehensive income:			
Revaluation of property, plant and equipment	**$ (90)**	$ (130)	$ (143)
Cash flow hedges	**8**	(15)	—
Other	**7**	4	3
Total income tax expense recognized directly in other comprehensive income	**$ (75)**	$ (141)	$ (140)

NOTE 26. PARTNERSHIP CAPITAL

As at December 31, 2016, our partnership's capital structure was comprised of three classes of partnership units: units, preferred units and general partnership units. Units entitle the holder to their proportionate share of distributions. Preferred units entitle the holder to cumulative preferential cash distributions in accordance with their terms. General partnership units entitle the holder the right to govern the financial and operating policies of our partnership. The Holding LP's capital structure is composed of four classes of partnership units: Special Limited Partner Units, Holding LP Class A Preferred Units, Managing General Partner Units and Redeemable Partnership Units held by Brookfield.

In its capacity as the holder of the Special Limited Partner Units of the Holding LP, the special limited partner is entitled to incentive distribution rights which are based on the amount by which quarterly distributions on the Holding LP's units (other than Holding LP Class A Prefered Units) exceed specified target levels. To the extent distributions on the Holding LP's units (other than Holding LP Class A Prefered Units) exceed $0.203 per quarter, the incentive distribution rights entitle the special limited partner to 15% of incremental distributions above this threshold. To the extent that distributions on the Holding LP's units (other than Holding LP Class A Prefered Units) exceed $0.22 per unit, the incentive distribution rights entitle the special limited partner to 25% of incremental distributions above this threshold. During the year, the Holding LP paid incentive distributions of $80 million (2015: $64 million, 2014: $44 million).

The Holding LP has issued 108.4 million Redeemable Partnership Units to Brookfield, which may, at the request of the holder, require the Holding LP to redeem the Redeemable Partnership Units for cash in an amount equal to the market value of our units. This right is subject to our partnership's right of first refusal which entitles it, at its sole discretion, to elect to acquire any Redeemable Partnership Units so presented to the Holding LP in exchange for one of our partnership's units (subject to certain customary adjustments). Both the units issued by our partnership and the Redeemable Partnership Units issued by the Holding LP have the same economic attributes in all respects, except for the redemption right described above. The Redeemable Partnership Units participate in earnings and distributions on a per Redeemable Partnership Unit basis equivalent to the per unit participation of the units of our partnership. Our partnership reflects the Redeemable Partnership Units issued to Brookfield by the Holding LP as non-controlling interest—Redeemable Partnership Units held by Brookfield.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

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On September 14, 2016, our partnership completed a three-for-two split of its units by way of a subdivision of units, whereby unitholders received an additional one-half of a unit for each unit held, resulting in the issuance of approximately 115 million additional units. Any fractional units otherwise issuable to registered holders as a result of the Unit Split were rounded up to the nearest whole unit. Our preferred units were not affected by the Unit Split. The Managing General Partner Units, Special Limited Partner Units and Redeemable Partnership Units of the Holding LP were concurrently split to reflect the Unit Split.

(a) Special and Limited Partnership Capital

	Special Limited Partner Units			Limited Partnership Units			Total		
UNITS MILLIONS	2016	2015	2014	2016	2015	2014	2016	2015	2014
Opening balance	**1.6**	1.6	1.6	**243.2**	225.5	225.4	**244.8**	227.1	227.0
Issued for cash	**—**	—	—	**16.4**	20.2	0.1	**16.4**	20.2	0.1
Repurchased and cancelled	**—**	—	—	**(0.2)**	(2.5)	—	**(0.2)**	(2.5)	—
Ending balance	**1.6**	1.6	1.6	**259.4**	243.2	225.5	**261.0**	244.8	227.1

	Special Limited Partner			Limited Partners			Total		
US$ MILLIONS	2016	2015	2014	2016	2015	2014	2016	2015	2014
Opening balance	**$ 19**	$ 19	$ 19	**$ 3,716**	$ 3,201	$ 3,199	**$ 3,735**	$ 3,220	$ 3,218
Unit issuance	**—**	—	—	**505**	582	2	**505**	582	2
Repurchased and cancelled	**—**	—	—	**(6)**	(67)	—	**(6)**	(67)	—
Ending balance	**$ 19**	$ 19	$ 19	**$ 4,215**	$ 3,716	$ 3,201	**$ 4,234**	$ 3,735	$ 3,220

In December 2016, Brookfield Infrastructure issued 15.6 million units at $32 per unit under shelf registrations in the U.S. and Canada. In total, $500 million of gross proceeds were raised through the issuance and $20 million in equity issuance costs were incurred. Concurrently, Brookfield Infrastructure issued 8.1 million Redeemable Partnership Units to Brookfield for proceeds of $250 million. As Brookfield participated in the unit offering at a percentage greater than its ownership interest in the Holding LP prior to the equity offering, this resulted in a decrease from 70.5% to 70.2% in our partnership's ownership interest in the Holding LP without resulting in a loss of control. The difference between the proportionate amount by which the non-controlling interest in Holding LP was increased and the proceeds of the Redeemable Partnership Unit offering resulted in a gain of $16 million that was recognized directly in equity.

The gain on changes in ownership interest recognized in equity is recorded as ownership changes within the Statements of Partnership Capital. Amounts in accumulated other comprehensive income at the date of the unit offering that were attributable to the limited partners were ratably allocated to accumulated other comprehensive income attributable to non-controlling interest—Redeemable Partnership Units held by Brookfield.

During the year ended December 31, 2016, Brookfield Infrastructure repurchased and cancelled less than 1 million units for $6 million and incurred less than $1 million in commission costs.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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In April 2015, Brookfield Infrastructure issued approximately 20 million units at $30 per unit under shelf registrations in the U.S. and Canada. In total, $600 million of gross proceeds were raised through the issuance and $24 million in equity issuance costs were incurred.

In June 2010, we implemented a distribution reinvestment plan (the "Plan") that allows eligible holders of our partnership to purchase additional units by reinvesting their cash distributions. Under the Plan, units are acquired at a price per unit calculated by reference to the volume weighted average of the trading price for our units on the New York Stock Exchange for the five trading days immediately preceding the relevant distribution date. During the year, our partnership issued less than 1 million units for proceeds of $25 million (2015: less than 1 million units for proceeds of $6 million, 2014: less than 1 million units for proceeds of $2 million) under the Plan.

The weighted average number of Special Limited Partner Units outstanding for the year ended December 31, 2016 was 1.6 million (2015: 1.6 million, 2014: 1.6 million). The weighted average number of limited partnership units outstanding for the year ended December 31, 2016 was 244.7 million (2015: 238.9 million, 2014: 225.4 million).

(b) Non-controlling interest—Redeemable Partnership Units held by Brookfield

UNITS MILLIONS	Non-controlling interest—Redeemable Partnership Units held by Brookfield 2016	2015	2014
Opening balance	**100.3**	88.1	88.1
Issued for cash	**8.1**	12.2	—
Ending balance	**108.4**	100.3	88.1

US$ MILLIONS	Non-controlling interest—Redeemable Partnership Units held by Brookfield 2016	2015	2014
Opening balance	**$ 1,528**	$ 1,178	$ 1,178
Unit issuance	**250**	350	—
Ending balance	**$ 1,778**	$ 1,528	$ 1,178

In December 2016, Brookfield Infrastructure issued 8.1 million Redeemable Partnership Units to Brookfield for proceeds of $250 million.

In April 2015, Brookfield Infrastructure issued 12.2 million Redeemable Partnership Units to Brookfield for proceeds of $350 million.

The weighted average number of Redeemable Partnership Units outstanding for the year ended December 31, 2016 was 100.9 million (2015: 96.9 million, 2014: 88.1 million).

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c) Preferred Unitholders' Capital

	Preferred Units		
UNTIS MILLIONS	2016	2015	2014
Opening balance	**10.0**	—	—
Issued for cash	**10.0**	10.0	—
Ending balance	**20.0**	10.0	—

	Preferred Units		
US$ MILLIONS	2016	2015	2014
Opening balance	**$ 189**	$ —	$ —
Unit issuance	**186**	189	—
Ending balance	**$ 375**	$ 189	$ —

In August 2016, our partnership issued ten million Series 5 Preferred Units at C$25 per unit with a quarterly fixed distribution at a rate of 5.35% annually for the initial period ending September 30, 2021. In total, C$250 million or $190 million of gross proceeds were raised and $4 million in issuance costs were incurred.

In December 2015, our partnership issued five million Series 3 Preferred Units at C$25 per unit with a quarterly fixed distribution at a rate of 5.50% annually for the initial period ending December 31, 2020. In total, C$125 million or $95 million of gross proceeds were raised and $2 million in issuance costs were incurred.

In March 2015, our partnership issued five million Series 1 Preferred Units at C$25 per unit with a quarterly fixed distribution at a rate of 4.50% annually for the initial period ending June 30, 2020. In total, C$125 million or $100 million of gross proceeds were raised and $4 million in issuance costs were incurred.

Subsequent to year end, on January 26, 2017, our partnership issued 12 million preferred limited partnership units, at C$25 per unit with a quarterly fixed distribution at a rate of 5.00% annually for the initial period ending March 31, 2022. In total, C$300 million or $225 million of gross proceeds were raised, $5 million in underwriting costs were incurred and less than $1 million in issuance costs were incurred.

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NOTE 27. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

(a) Attributable to Limited Partners'

US$ MILLIONS	Revaluation Surplus	Foreign Currency Translation	Net Investment Hedges	Cash Flow Hedges	Available for sale	Unrealized Actuarial Losses	Equity accounted investments	Accumulated Other Comprehensive Income
Balance at December 31, 2014	$ 812	$ (428)	$ 36	$ (96)	$ 14	$ (25)	$ 342	$ 655
Other comprehensive income (loss)	250	(472)	64	(45)	(23)	13	127	(86)
Other items (note 26)	(20)	11	(1)	1	—	(1)	(4)	(14)
Balance at December 31, 2015	**$ 1,042**	**$ (889)**	**$ 99**	**$ (140)**	**$ (9)**	**$ (13)**	**$ 465**	**$ 555**
Other comprehensive income (loss)	**93**	**(5)**	**117**	**9**	**5**	**(17)**	**156**	**358**
Other items (note 4 & 26)	**(178)**	**3**	**(1)**	**1**	**—**	**—**	**(2)**	**(177)**
Balance at December 31, 2016	**$ 957**	**$ (891)**	**$ 215**	**$ (130)**	**$ (4)**	**$ (30)**	**$ 619**	**$ 736**

(b) Attributable to General Partner

US$ MILLIONS	Revaluation Surplus	Foreign Currency Translation	Net Investment Hedges	Cash Flow Hedges	Available for sale	Unrealized Actuarial Losses	Equity accounted investments	Accumulated Other Comprehensive Income
Balance at December 31, 2014	$ 6	$ (2)	$ 1	$ (1)	$ —	$ —	$ 1	$ 5
Other comprehensive income (loss)	1	(3)	—	—	—	—	1	(1)
Balance at December 31, 2015	**$ 7**	**$ (5)**	**$ 1**	**$ (1)**	**$ —**	**$ —**	**$ 2**	**$ 4**
Other comprehensive income (loss)	**1**	**—**	**2**	**—**	**—**	**—**	**1**	**4**
Other items (note 4)	**(1)**	**—**	**—**	**—**	**—**	**—**	**—**	**(1)**
Balance at December 31, 2016	**$ 7**	**$ (5)**	**$ 3**	**$ (1)**	**$ —**	**$ —**	**$ 3**	**$ 7**

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(c) Attributable to Non-controlling interest—Redeemable Partnership Units held by Brookfield

US$ MILLIONS	Revaluation Surplus	Foreign Currency Translation	Net Investment Hedges	Cash Flow Hedges	Available for sale	Unrealized Actuarial Losses	Equity accounted investments	Accumulated Other Comprehensive Income
Balance at December 31, 2014	$ 335	$ (160)	$ 12	$ (41)	$ 6	$ (8)	$ 139	$ 283
Other comprehensive income (loss)	103	(187)	25	(19)	(10)	5	51	(32)
Other items (note 26)	9	(11)	1	(1)	—	1	4	3
Balance at December 31, 2015	**$ 447**	**$ (358)**	**$ 38**	**$ (61)**	**$ (4)**	**$ (2)**	**$ 194**	**$ 254**
Other comprehensive income (loss)	**38**	**(4)**	**49**	**4**	**2**	**(7)**	**65**	**147**
Other items (note 4)	**(68)**	**(3)**	**1**	**(1)**	**(1)**	**—**	**2**	**(70)**
Balance at December 31, 2016	**$ 417**	**$ (365)**	**$ 88**	**$ (58)**	**$ (3)**	**$ (9)**	**$ 261**	**$ 331**

NOTE 28. DISTRIBUTIONS

For the year ended December 31, 2016, distributions to partnership unitholders were $535 million or $1.55 per unit (2015: $479 million or $1.41 per unit, 2014: $404 million or $1.28 per unit). Additionally, incentive distributions were made to the special limited partner of $80 million (2015: $64 million, 2014: $44 million).

On January 31, 2017 the Board of Directors of our General Partner approved an 11% increase in our quarterly distribution to $0.435 per unit, payable on March 31, 2017 to unitholders on record as of the close of business on February 28, 2017.

For the year ended December 31, 2016, our partnership declared distributions $13 million or $0.70 per preferred unit.

NOTE 29. CONTINGENT ASSETS & LIABILITIES

Brookfield Infrastructure, including its associates, had bank and customs guarantees and letters of credit outstanding to third parties totaling $141 million (2015: $126 million). These guarantees are generally supported by cash on deposit with banks.

Our partnership and its subsidiaries are contingently liable with respect to litigation and claims that arise in the normal course of operations.

NOTE 30. CONTRACTUAL COMMITMENTS

In the normal course of business, our partnership will enter into contractual obligations which include commitments relating primarily to contracted project costs for various growth initiatives, committed expenditures associated with gas and electricity sales contracts at our U.K. regulated distribution operation, and operating leases associated with our North American gas storage operations. As at December 31, 2016, our partnership had $1,201 million (2015: $524 million) of such commitments outstanding.

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In addition, pursuant to the Master Service Agreement, on a quarterly basis, Brookfield Infrastructure pays a base management fee to the Service Provider equal to 0.3125% per quarter (1.25% annually) of the market value of our partnership. This fee is recorded on the Consolidated Statements of Operating Results in general and administrative expenses.

NOTE 31. RETIREMENT BENEFIT PLANS

Brookfield Infrastructure offers pension plans to certain employees of its subsidiaries. Brookfield Infrastructure's obligations under its defined benefit pension plans are determined periodically through the preparation of actuarial valuations. The benefit plans' expense for 2016 was $6.5 million (2015: less than $1 million, 2014: less than $1 million). The discount rate used was 4.2% (2015: 6.1%, 2014: 3.5%) with a rate of compensation of 3.5% (2015: 3.3%, 2014: 3.1%).

US$ MILLIONS	2016	2015
Plan assets	**$ 198**	$ 222
Less accrued benefit obligation	**(296)**	(279)
Accrued benefit liability	**$ (98)**	$ (57)

NOTE 32. RELATED PARTY TRANSACTIONS

In the normal course of operations, Brookfield Infrastructure entered into the transactions below with related parties. The immediate parent of Brookfield Infrastructure is our partnership. The ultimate parent of Brookfield Infrastructure is Brookfield. Other related parties of Brookfield Infrastructure represent its subsidiary and operating entities.

a) Transactions with the immediate parent

Throughout the year, the General Partner, in its capacity as our partnership's general partner, incurs director fees, a portion of which are charged at cost to our partnership in accordance with the limited partnership agreement. Less than $1 million in director fees were incurred during the year ended December 31, 2016 (2015: less than $1 million, 2014: less than $1 million).

b) Transactions with other related parties

Since inception, Brookfield Infrastructure has been party to the Master Services Agreement with the Service Provider.

Pursuant to the Master Services Agreement, on a quarterly basis, Brookfield Infrastructure pays a base management fee, referred to as the Base Management Fee, to the Service Provider equal to 0.3125% per quarter (1.25% annually) of the market value of our partnership. The Base Management Fee was $158 million for the year ended December 31, 2016 (2015: $126 million, 2014: $107 million).

For purposes of calculating the Base Management Fee, the market value of our partnership is equal to the aggregate value of all the outstanding units of our partnership (assuming full conversion of Brookfield's Redeemable Partnership Units in the Holdings LP into units of our partnership), preferred units and securities of the other Service Recipients (as defined in Brookfield Infrastructure's Master Services Agreement) that are not held by Brookfield Infrastructure, plus all outstanding third party debt with recourse to a Service Recipient, less all cash held by such entities.

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During the year ended December 31, 2016, $5 million was reimbursed at cost to the Service Provider (2015: $8 million, 2014: $8 million). These amounts represent third party costs that were paid for by Brookfield on behalf of Brookfield Infrastructure relating to general and administrative expenses, and acquisition related expenses of Brookfield Infrastructure. These expenses were charged to Brookfield Infrastructure at cost.

Brookfield Infrastructure has placed funds on deposit with Brookfield. Interest earned on the deposits is at market terms. At December 31, 2016, Brookfield Infrastructure's deposit balance with Brookfield was $255 million (December 31, 2015: less than $1 million) and earned interest of less than $1 million for year ended December 31, 2016 (2015: less than $1 million, 2014: less than $1 million).

Brookfield Infrastructure's North American district energy operation provides heating and cooling services and leases office space on market terms with subsidiaries of Brookfield Office Properties Inc. The North American district energy operation also utilizes consulting and engineering services provided by a wholly-owned subsidiary of Brookfield on market terms. For the year ended December 31, 2016, revenues of $1 million were generated (2015: $1 million, 2014: less than $1 million) and expenses of less than $1 million were incurred (2015: less than $1 million, 2014: less than $1 million).

Brookfield Infrastructure utilizes a wholly owned subsidiary of Brookfield to negotiate and purchase insurance and assess the adequacy of insurance on behalf of our partnership and certain subsidiaries. During the year ended December 31, 2016, Brookfield Infrastructure paid less than $1 million for these services (2015: less than $1 million, 2014: less than $1 million).

Brookfield Infrastructure's Colombian regulated distribution business purchases electricity from and distributes electricity on behalf of a subsidiary of Brookfield Renewable Partners L.P. as part of its normal course of operation. For the 12 months ended December 31, 2016, revenues of $1 million were generated (2015: $nil, 2014: $nil) and expenses of $12 million were incurred (2015: $nil, 2014: $nil).

During the third quarter of 2016 Brookfield Infrastructure sold a portion of its interest in a financial asset to a Brookfield-sponsored infrastructure fund of which Brookfield Infrastructure is a limited partner. In conjunction with these transactions, Brookfield Infrastructure received $50 million, representing the fair market value.

During the fourth quarter of 2016 Brookfield Infrastructure's North American district energy operation purchased a heating and cooling operation for $20 million from a subsidiary of Brookfield Office Properties Inc. For the 12 months ended December 31, 2016, revenues of less than $1 million were generated (2015: $nil, 2014: $nil). The North American district energy acquired the operation for fair market value.

NOTE 33. DERIVATIVE FINANCIAL INSTRUMENTS

Brookfield Infrastructure's activities expose it to a variety of financial risks, including market risk (i.e. currency risk, interest rate risk, commodity risk and other price risk), credit risk and liquidity risk. Brookfield Infrastructure and its subsidiaries selectively use derivative financial instruments principally to manage these risks.

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The aggregate notional amount of Brookfield Infrastructure's derivative positions at December 31, 2016 and 2015 were as follows:

US$ MILLIONS	Note	2016	2015
Foreign exchange contracts	(a)	$ 4,488	$ 3,898
Interest rates swaps and other	(b)	4,416	4,727
		$ 8,904	$ 8,625

The following table presents the change in fair values of Brookfield Infrastructure's derivative positions during the years ended December 31, 2016 and 2015:

US$ MILLIONS	Unrealized Gains on Derivative Financial Assets	Unrealized Gains/(Losses) on Derivative Financial Liabilities	Net Change During 2016	Net Change During 2015
Foreign exchange derivatives	$ 143	$ (46)	$ 97	$ 50
Interest rate derivative	102	(87)	15	224
	$ 245	$ (133)	$ 112	$ 274

(a) Foreign Exchange

Brookfield Infrastructure held the following foreign exchange contracts with notional amounts at December 31, 2016 and 2015.

US$ MILLIONS	Notional Amount (U.S. Dollars) 2016	Notional Amount (U.S. Dollars) 2015	Average Exchange Rate 2016	Average Exchange Rate 2015
Foreign exchange contracts				
Australian dollars	$ 2,133	$ 1,853	0.73	0.73
British pounds	1,810	995	1.30	1.51
European Union euros	374	252	1.14	1.15
Brazilian reais	144	58	3.37	4.31
Canadian dollars	27	26	0.76	0.83
Foreign exchange call options				
Australian dollars	—	714	—	0.81
	$ 4,488	$ 3,898		

(b) Interest Rates

At December 31, 2016, Brookfield Infrastructure held interest rate and cross currency interest rate swap contracts having an aggregate notional amount of $4,261 million (2015: $4,357 million, 2014: $4,364 million). Brookfield Infrastructure has inflation linked swaps with an aggregate notional amount of $155 million (2015: $370 million, 2014: $391 million).

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Other Information Regarding Derivative Financial Instruments

The following table presents the notional amounts underlying Brookfield Infrastructure's derivative instruments by term to maturity as at December 31, 2016 and the comparative notional amounts at December 31, 2015, for both derivatives that are classified as fair value through profit or loss and derivatives that qualify for hedge accounting:

	2016				2015
US$ MILLIONS	< 1 year	1 to 5 years	> 5 years	Total Notional Amount	Total Notional Amount
Fair value through profit or loss					
Foreign exchange derivatives	**$ 657**	**$ 694**	**$ —**	**$ 1,351**	$ 2,279
Interest rate derivatives					
Interest rate and cross currency interest rate swaps	**252**	**446**	**54**	**752**	463
Inflation linked swap	**—**	**—**	**155**	**155**	370
	$ 909	**$ 1,140**	**$ 209**	**$ 2,258**	$ 3,112
Elected for hedge accounting					
Foreign exchange derivatives	**$ 2,787**	**$ 349**	**$ —**	**$ 3,136**	$ 1,619
Interest rate derivatives					
Interest rate and cross currency interest rate swaps	**298**	**1,522**	**1,689**	**3,509**	3,894
	$ 3,085	**$ 1,871**	**$ 1,689**	**$ 6,645**	$ 5,513

The following table classifies derivatives elected for hedge accounting during the years ended December 31, 2016 and 2015 as either cash flow hedges or net investment hedges. Changes in the fair value of the effective portion of the hedges are recorded in either other comprehensive income or net income, depending on the hedge classification, whereas changes in the fair value of the ineffective portion of the hedge are recorded in net income:

	2016			2015		
AS AT AND FOR THE YEARS ENDED (MILLIONS)	Notional	Effective Portion	Ineffective Portion	Notional	Effective Portion	Ineffective Portion
Cash flow hedges	**$ 3,509**	**$ 30**	**$ 1**	$ 3,894	$ 189	$ (3)
Net investment hedges	**3,136**	**53**	**—**	1,619	(5)	—
	$ 6,645	**$ 83**	**$ 1**	$ 5,513	$ 184	$ (3)

Our partnership settles the difference between the contracted fixed and floating rates of its interest rate swaps on a net basis. All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce our partnership's cash flow exposure resulting from variable interest rates on borrowings. The interest rate swaps and the interest payments on the borrowings occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on borrowings affect profit or loss.

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NOTE 34. FINANCIAL RISK MANAGEMENT

Brookfield Infrastructure is exposed to the following risks as a result of holding financial instruments: capital risk; liquidity risk; market risk (i.e. interest rate risk and foreign currency risk); and credit risk. The following is a description of these risks and how they are managed:

(a) Capital Risk Management

Brookfield Infrastructure manages its capital structure to be able to continue as a going concern while maximizing the return to stakeholders. Brookfield Infrastructure's overall capital strategy remains unchanged from 2015.

The capital structure of Brookfield Infrastructure consists of debt, offset by cash and cash equivalents, and partnership capital comprised of issued capital and accumulated gains.

US$ MILLIONS	2016	2015
Subsidiary and corporate borrowings	**$ 8,326**	$ 7,232
Preferred shares	**20**	20
Cash and cash equivalents[(1)]	**(789)**	(1,480)
Net Debt	**7,557**	5,772
Total partnership capital	**9,644**	7,176
Total capital and net debt	**$ 17,201**	$ 12,948
Net debt to capitalization ratio	**44%**	45%

(1) Includes marketable securities.

The Board, along with senior management of the Service Provider, reviews Brookfield Infrastructure's capital structure and as part of this review, considers the cost of capital and the risk associated with each class of capital.

Brookfield Infrastructure manages its debt exposure by financing its operations on a non-recourse basis with prudent levels of debt, ensuring a diversity of funding sources as well as laddering its maturity profile to minimize refinance risk. Brookfield Infrastructure also borrows in the currency where the asset operates, where possible, in order to hedge its currency risk.

Generally, Brookfield Infrastructure's equity strategy is to issue equity in conjunction with acquisitions. However, Brookfield Infrastructure may also issue equity opportunistically to enhance its liquidity to pursue investments. Brookfield Infrastructure maintains active shelf registrations to enable it to issue securities in both the U.S. and Canadian markets.

Brookfield Infrastructure's financing plan is to fund its recurring growth capital expenditures with cash flow generated by its operations after maintenance capital expenditure, as well as debt financing that is sized to maintain its credit profile. To fund large scale development projects and acquisitions, Brookfield Infrastructure will evaluate a variety of capital sources including proceeds from selling non-core assets, equity and debt financing. Our partnership will seek to raise additional equity if Brookfield Infrastructure believes it can earn returns on these investments in excess of the cost of the incremental partnership capital.

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As disclosed within Note 18, Borrowings, Brookfield Infrastructure has various loan facilities in place. In certain cases, the facilities have financial covenants which are generally in the form of interest coverage ratios and leverage ratios. Brookfield Infrastructure does not have any market capitalization covenants attached to any of its borrowings, nor does it have any other externally imposed capital requirements.

During the years ended December 31, 2016 and 2015, there were no breaches of any loan covenants within Brookfield Infrastructure.

(b) Liquidity Risk Management

Brookfield Infrastructure attempts to maintain sufficient financial liquidity at all times so that it is able to participate in attractive opportunities as they arise, better withstand sudden adverse changes in economic circumstances and maintain a relatively high distribution of its FFO to unitholders. Brookfield Infrastructure's principal sources of liquidity are cash flows from its operations, undrawn credit facilities and access to public and private capital markets. Brookfield Infrastructure also structures the ownership of its assets to enhance its ability to monetize them to provide additional liquidity, if necessary.

Brookfield Infrastructure's estimated corporate liquidity as at December 31 was as follows:

US$ MILLIONS[1]	2016	2015
Corporate cash and financial assets	**$ 549**	$ 286
Availability under committed credit facility	**2,475**	1,875
Draws on credit facility	**—**	(407)
Commitments under credit facility	**(46)**	(83)
Estimated corporate liquidity	**$ 2,978**	$ 1,671

(1) Corporate level only.

Brookfield Infrastructure's $1.975 billion committed revolving credit facility and $500 million credit facility with Brookfield are available for investments and acquisitions, as well as general corporate purposes. Commitments under the committed revolving credit facility will be available on a revolving basis until June 30, 2021. All amounts outstanding at that time will be repayable in full. The facility is intended to be a bridge to equity financing rather than a permanent source of capital. At December 31, 2016, there was $nil drawn on this facility (2015: $407 million, 2014: $246 million) and $46 million was committed to letters of credit (2015: $83 million, 2014: $110 million).

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The following tables detail the contractual maturities for Brookfield Infrastructure's financial liabilities. The tables reflect the undiscounted cash flows of financial liabilities based on the earliest date on which Brookfield Infrastructure can be required to pay. The tables include both interest and principal cash flows:

December 31, 2016 US$ MILLIONS	Less than 1 year	1-2 years	2-5 years	5+ years	Total contractual cash flows
Accounts payable and other liabilities	**$ 540**	**$ 34**	**$ 26**	**$ 186**	**$ 786**
Corporate borrowing	**295**	**93**	**279**	**335**	**1,002**
Non-Recourse borrowings	**286**	**233**	**1,708**	**5,109**	**7,336**
Financial liabilities	**229**	**29**	**49**	**74**	**381**
Interest Expense:					
Corporate borrowing	**40**	**29**	**64**	**14**	**147**
Non-Recourse borrowings	**361**	**342**	**871**	**1,450**	**3,024**

December 31, 2015 US$ MILLIONS	Less than 1 year	1-2 years	2-5 years	5+ years	Total contractual cash flows
Accounts payable and other liabilities	$ 345	$ 30	$ 11	$ 111	$ 497
Corporate borrowing	—	287	767	326	1,380
Non-Recourse borrowings	306	199	1,238	4,157	5,900
Financial liabilities	66	52	223	(178)	163
Interest Expense:					
Corporate borrowing	13	14	17	—	44
Non-Recourse borrowings	244	261	747	1,149	2,401

(c) Market Risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by Brookfield Infrastructure will fluctuate because of the change in market prices. Market risk includes the risk of changes in interest rates, foreign currency exchange rates and equity prices.

Brookfield Infrastructure seeks to minimize the risks associated with foreign currency exchange rates and interest rates primarily through the use of derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by Brookfield Infrastructure's Treasury Policy. Brookfield Infrastructure does not enter into, or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Treasury Policy provides written principles on the use of financial derivatives. With respect to its treasury policy, the Service Provider performs the monitoring, review and approval role and report to the Board on a regular basis.

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Financial instruments held by Brookfield Infrastructure that are subject to market risk include other financial assets, borrowings, derivative instruments, such as interest rate and foreign currency contracts, and marketable securities. Our partnership is exposed to equity price risks arising from marketable securities. As at December 31, 2016 the balance of the portfolio was $3 million (2015: $1,200 million), a 10% change in the value of the portfolio would impact our equity by less than $1 million and result in an impact on the Consolidated Statement of Comprehensive income of less than $1 million.

Interest Rate Risk Management

Brookfield Infrastructure's primary objectives with respect to interest rate risk management are to ensure that:

- Brookfield Infrastructure is not exposed to interest rate movements that could adversely impact its ability to meet financial obligations;
- Earnings and distributions are not adversely affected;
- Volatility of debt servicing costs is managed within acceptable parameters; and
- All borrowing covenants under various borrowing facilities, including interest coverage ratios, are complied with.

To achieve these objectives, in general terms, Brookfield Infrastructure's funding mix comprises both fixed and floating rate debt. Fixed rate debt is achieved either through fixed rate debt funding or through the use of financial derivate instruments. In addition, where possible, interest rate risk is minimized by matching the terms of interest rate swap contracts in regulated businesses to the term of the rate period, thus providing natural hedges.

The sensitivity analyses below reflect Brookfield Infrastructure's exposure to interest rates for both derivative and non-derivative instruments at the reporting date, assuming that a 10 basis point increase or decrease in rates takes place at the beginning of the financial year and is held constant throughout the reporting period. The sensitivity analyses assume a 10 basis point change to reflect the current methodology employed by Brookfield Infrastructure in assessing interest rate risk. Such parallel shift in the yield curve by 10 basis points would have had the following impact, assuming all other variables were held constant:

	2016		2015		2014	
US$ MILLIONS	**10 bp decrease**	**10 bp increase**	**10 bp decrease**	**10 bp increase**	**10 bp decrease**	**10 bp increase**
Net income (loss)	**$ 1**	**$ (1)**	$ 2	$ (2)	$ 3	$ (3)
Other comprehensive (loss) income	**(1)**	**1**	(2)	2	(5)	5

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Foreign Currency Risk Management

Brookfield Infrastructure has exposure to foreign currency risk in respect of currency transactions, the value of Brookfield Infrastructure's net investment, cash flows and capital expenditures that are denominated outside of the U.S. Brookfield Infrastructure's approach to foreign currency risk management is:

- Brookfield Infrastructure leverages any natural hedges that may exist within its operations;
- Brookfield Infrastructure utilizes local currency debt financing to the extent possible; and
- Brookfield Infrastructure may utilize derivative contracts to the extent that natural hedges are insufficient.

The tables below set out Brookfield Infrastructure's currency exposure at December 31, 2016, 2015 and 2014:

2016 US$ MILLIONS	USD	AUD	GBP	BRL	CLP	CAD	EUR	COP	PEN	INR	NZD	Total
Assets:												
Current assets	$ 849	$ 214	$ 127	$ 42	$ 102	$ 18	$ —	$ 55	$ 127	$ 52	$ 46	$ 1,632
Non-current assets	3,744	5,542	3,739	1,895	1,070	677	718	700	1,260	265	33	19,643
	$ 4,593	$ 5,756	$ 3,866	$ 1,937	$ 1,172	$ 695	$ 718	$ 755	$ 1,387	$ 317	$ 79	$ 21,275
Liabilities:												
Current liabilities	$ 833	$ 206	$ 262	$ 23	$ 50	$ 35	$ —	$ 27	$ 27	$ 36	$ 16	$ 1,515
Non-current liabilities	1,636	3,764	2,243	—	941	309	—	369	636	186	32	10,116
	2,469	3,970	2,505	23	991	344	—	396	663	222	48	11,631
Non-controlling interest—in operating subsidiaries	919	370	333	189	89	261	—	294	610	58	23	3,146
Non-controlling interest—Redeemable Partnership Units held by Brookfield	344	405	294	493	26	26	206	19	33	11	3	1,860
Net investment	$ 861	$ 1,011	$ 734	$ 1,232	$ 66	$ 64	$ 512	$ 46	$ 81	$ 26	$ 5	$ 4,638

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

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2015

US$ MILLIONS	USD	AUD	GBP	BRL	CLP	CAD	EUR	COP	Total
Assets:									
Current assets	$ 234	$ 380	$ 470	$ 6	$ 126	$ 291	$ —	$ 46	$ 1,553
Non-current assets	2,485	5,816	3,927	1,020	1,052	636	618	629	16,182
	$ 2,719	$ 6,196	$ 4,397	$ 1,026	$ 1,178	$ 927	$ 618	$ 675	$ 17,735
Liabilities:									
Current liabilities	$ 502	$ 103	$ 434	$ —	$ 30	$ 122	$ —	$ 20	$ 1,210
Non-current liabilities	1,714	3,745	2,312	—	902	334	—	342	9,349
	2,216	3,848	2,746	—	932	456	—	362	10,559
Non-controlling interest—in operating subsidiaries	377	269	385	141	121	248	—	256	1,797
Non-controlling interest—Redeemable Partnership Units held by Brookfield	36	587	357	249	35	63	175	16	1,518
Net investment	$ 90	$ 1,492	$ 909	$ 636	$ 90	$ 160	$ 443	$ 41	$ 3,861

2014

US$ MILLIONS	USD	AUD	GBP	BRL	CLP	CAD	EUR	COP	Total
Assets:									
Current assets	$ 1,080	$ 116	$ 141	$ 10	$ 107	$ 51	$ —	$ 55	$ 1,560
Non-current assets	1,676	5,147	3,911	1,305	1,107	900	165	724	14,935
	$ 2,756	$ 5,263	$ 4,052	$ 1,315	$ 1,214	$ 951	$ 165	$ 779	$ 16,495
Liabilities:									
Current liabilities	$ 349	$ 106	$ 287	$ —	$ 36	$ 27	$ —	$ 16	$ 821
Non-current liabilities	1,002	3,909	2,470	90	949	518	—	414	9,352
	1,351	4,015	2,757	90	985	545	—	430	10,173
Non-controlling interest—in operating subsidiaries	188	112	310	184	111	254	—	285	1,444
Non-controlling interest—Redeemable Partnership Units held by Brookfield	330	307	267	282	32	41	45	17	1,321
Net investment	$ 887	$ 829	$ 718	$ 759	$ 86	$ 111	$ 120	$ 47	$ 3,557

The following tables detail Brookfield Infrastructure's sensitivity to a 10% increase and decrease in the U.S. dollar against the relevant foreign currencies, with all other variables held constant as at reporting date. 10% is the sensitivity rate used when reporting foreign currency risk internally. The sensitivity analysis is performed as follows:

- Outstanding foreign currency denominated monetary items (excluding foreign exchange derivative contracts) are adjusted at period end for a 10% change in foreign currency rates from the rate at which they are translated;
- Foreign currency derivative contracts are measured as the change in fair value of the derivative as a result of a 10% change in the spot currency rate; and

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- The impact on net income results from performing a sensitivity of a 10% change in foreign exchange rates applied to the profit or loss contribution from foreign operations (after considering the impact of foreign exchange derivative contracts).

	Impact on Net Income					
	2016		2015		2014	
US$ MILLIONS	-10%	+10%	-10%	+10%	-10%	+10%
USD/AUD	**$ (2)**	**$ 2**	$ 8	$ (8)	$ 9	$ (9)
USD/EUR	**(8)**	**8**	5	(5)	2	(2)
USD/GBP	**(6)**	**6**	5	(5)	13	(13)
USD/BRL	**14**	**(14)**	—	—	—	—
USD/CLP	**—**	**—**	1	(1)	4	(4)
USD/CAD	**(1)**	**1**	1	(1)	3	(3)
USD/PEN	**—**	**—**	—	—	—	—
USD/INR	**—**	**—**	—	—	—	—

	Impact on Partnership Capital					
	2016		2015		2014	
US$ MILLIONS	-10%	+10%	-10%	+10%	-10%	+10%
USD/AUD	**$ —**	**$ —**	$ 24	$ (24)	$ 11	$ (11)
USD/EUR	**35**	**(35)**	18	(18)	3	(3)
USD/GBP	**—**	**—**	23	(23)	—	—
USD/CLP	**10**	**(10)**	13	(13)	12	(12)
USD/COP	**6**	**(6)**	6	(6)	6	(6)
USD/BRL	**172**	**(172)**	89	(89)	104	(104)
USD/CAD	**—**	**—**	11	(11)	—	—
USD/PEN	**11**	**(11)**	—	—	—	—
USD/INR	**4**	**(4)**	—	—	—	—

(d) Credit Risk Management

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations.

From a treasury perspective, counterparty credit risk is managed through the establishment of authorized counterparty credit limits which ensure that Brookfield Infrastructure only deals with credit worthy counterparties and that counterparty concentration is addressed and the risk of loss is mitigated. Credit limits are sufficiently low to restrict Brookfield Infrastructure from having credit exposures concentrated with a single counterparty but rather encourages spreading such risks among several parties. The limits are set at levels that reflect Brookfield Infrastructure's scale of activity and allow it to manage its treasury business competitively.

Brookfield Infrastructure does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Exposure to credit risk is limited to the carrying amount of the assets on the Consolidated Statements of Financial Position.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

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NOTE 35. SEGMENT INFORMATION

IFRS 8, *Operating Segments,* requires operating segments to be determined based on information that is regularly reviewed by the Executive Management and the Board of Directors for the purpose of allocating resources to the segment and to assessing its performance. Key measures used by the Chief Operating Decision Maker ("CODM") in assessing performance and in making resource allocation decisions are funds from operations ("FFO") and earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA"), which enable the determination of return on the equity deployed. FFO is calculated as net income excluding the impact of depreciation and amortization, deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses. Adjusted EBITDA is calculated as net income excluding the impact of depreciation and amortization, interest expense, current and deferred income taxes, breakage and transaction costs, and non-cash valuation gains or losses.

	Total attributable to Brookfield Infrastructure								
FOR THE YEAR ENDED DECEMBER 31, 2016 US$ MILLIONS	**Utilities**	**Transport**	**Energy**	**Comm. Infrastructure**	**Other**	**Total**	**Contribution from investments in associates**	**Attributable to non-controlling interest**	**As per IFRS financials on F-6[1]**
Revenues	$ 684	$ 1,247	$ 496	$ 163	$ —	$ 2,590	$ (1,311)	$ 836	$ 2,115
Costs attributed to revenues	(160)	(650)	(220)	(72)	—	(1,102)	651	(612)	(1,063)
General and administrative costs	—	—	—	—	(166)	(166)	—	—	(166)
Adjusted EBITDA	524	597	276	91	(166)	1,322	(660)	224	
Other income (expense)	5	(17)	8	(2)	84	78	16	1	95
Interest expense	(130)	(157)	(109)	(12)	(48)	(456)	190	(126)	(392)
FFO	399	423	175	77	(130)	944	(454)	99	
Depreciation and amortization	(154)	(253)	(128)	(74)	—	(609)	328	(166)	(447)
Deferred taxes	5	26	(38)	29	(17)	5	9	4	18
Mark-to-market on hedging items and other	(88)	10	81	(5)	136	134	(131)	117	120
Share of earnings from associates	—	—	—	—	—	—	248	—	248
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(54)	(54)
Net income (loss) attributable to partnership[2]	$ 162	$ 206	$ 90	$ 27	$ (11)	$ 474	$ —	$ —	$ 474

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As of December 31, 2016 and 2015 and for the years ended December 31, 2016, 2015 and 2014

FOR THE YEAR ENDED DECEMBER 31, 2015 US$ MILLIONS	Total attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials on F-6[1]
	Utilities	Transport	Energy	Comm. Infrastructure	Other	Total			
Revenues	$ 698	$ 1,143	$ 349	$ 123	$ —	$ 2,313	$ (1,044)	$ 586	$ 1,855
Costs attributed to revenues	(174)	(588)	(183)	(57)	—	(1,002)	546	(342)	(798)
General and administrative costs	—	—	—	—	(134)	(134)	—	—	(134)
Adjusted EBITDA	524	555	166	66	(134)	1,177	(498)	244	
Other income (expense)	5	(15)	3	—	34	27	13	(4)	36
Interest expense	(142)	(142)	(79)	(6)	(27)	(396)	144	(115)	(367)
FFO	387	398	90	60	(127)	808	(341)	125	
Depreciation and amortization	(153)	(217)	(90)	(46)	—	(506)	246	(115)	(375)
Deferred taxes	(8)	21	14	14	12	53	(41)	14	26
Mark-to-market on hedging items and other	(16)	(67)	(14)	(13)	53	(57)	67	66	76
Share of earnings from associates	—	—	—	—	—	—	69	—	69
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	—	(90)	(90)
Net income (loss) attributable to partnership[2]	$ 210	$ 135	$ —	$ 15	$ (62)	$ 298	$ —	$ —	$ 298

FOR THE YEAR ENDED DECEMBER 31, 2014 US$ MILLIONS	Total attributable to Brookfield Infrastructure					Contribution from investments in associates	Attributable to non-controlling interest	As per IFRS financials on F-6[1]
	Utilities	Transport	Energy	Other	Total			
Revenues	$ 736	$ 1,238	$ 311	$ —	$ 2,285	$ (958)	$ 597	$ 1,924
Costs attributed to revenues	(217)	(639)	(172)	—	(1,028)	486	(304)	(846)
General and administrative costs	—	—	—	(115)	(115)	—	—	(115)
Adjusted EBITDA	519	599	139	(115)	1,142	(472)	293	
Other income (expense)	6	(34)	—	26	(2)	23	(10)	11
Interest expense	(158)	(173)	(71)	(14)	(416)	160	(106)	(362)
FFO	367	392	68	(103)	724	(289)	177	
Depreciation and amortization	(155)	(250)	(76)	—	(481)	212	(111)	(380)
Deferred taxes	(27)	8	5	16	2	(37)	(14)	(49)
Mark-to-market on hedging items and other	(31)	(47)	7	10	(61)	64	(7)	(4)
Share of earnings from associates	—	—	—	—	—	50	—	50
Net income attributable to non-controlling interest and preferred unitholders	—	—	—	—	—	—	(45)	(45)
Net income (loss) attributable to partnership[2]	$ 154	$ 103	$ 4	$ (77)	$ 184	$ —	$ —	$ 184

(1) The above table provides each segment's results in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account Brookfield Infrastructure's ownership in operations accounted for using the consolidation and equity methods under IFRS. The above table reconciles Brookfield Infrastructure's proportionate results to our partnership's consolidated statements of operating results on a line by line basis by aggregating the components comprising the earnings from our partnership's investments in associates and reflecting the portion of each line item attributable to non-controlling interests.

(2) *Net income (loss) attributable to our partnership includes net income (loss) attributable to non-controlling interests—Redeemable Partnership Units held by Brookfield, general partner and limited partners.*

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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Segment assets

For the purpose of monitoring segment performance and allocating resources between segments, the CODM monitors the assets, including investments accounted for using the equity method, attributable to each segment.

The following is an analysis of Brookfield Infrastructure's assets by reportable operating segment for the years under review:

AS AT DECEMBER 31, 2016 US$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials on F-4[1]
	Utilities	Transport	Energy	Comm. Infrastructure	Corporate & Other	Brookfield Infrastructure				
Total assets	**$ 4,605**	**$ 6,160**	**$ 3,032**	**$ 933**	**$ (510)**	**$ 14,220**	**$ (2,996)**	**$ 6,496**	**$ 3,555**	**$ 21,275**

AS AT DECEMBER 31, 2015 US$ MILLIONS	Total Attributable to Brookfield Infrastructure						Contribution from investments in associates	Attributable to non-controlling interest	Working capital adjustment and other	As per IFRS financials on F-4[1]
	Utilities	Transport	Energy	Comm. Infrastructure	Corporate & Other	Brookfield Infrastructure				
Total assets	$ 4,723	$ 5,338	$ 2,744	$ 824	$ (196)	$ 13,433	$ (3,795)	$ 4,298	$ 3,799	$ 17,735

(1) The above table provides each segment's assets in the format that management organizes its segments to make operating decisions and assess performance. Each segment is presented on a proportionate basis, taking into account Brookfield Infrastructure's ownership in operations using consolidation and the equity method whereby our partnership either controls or exercises significant influence over the investment respectively. The above table reconciles Brookfield Infrastructure's proportionate assets to total assets presented on our partnership's Consolidated Statements of Financial Position by removing net liabilities contained within investments in associates and joint ventures and reflecting the assets attributable to non-controlling interests, and adjusting for working capital assets which are netted against working capital liabilities.

Geographic Information

Revenues from external customers

US$ MILLIONS	2016	2015	2014
Australia	**$ 793**	$ 699	$ 804
United Kingdom	**566**	635	621
Colombia	**150**	152	194
Canada	**163**	118	126
Chile	**127**	113	105
United States of America	**154**	138	74
India	**39**	—	—
Peru	**97**	—	—
New Zealand	**26**	—	—
	$ 2,115	$ 1,855	$ 1,924

Brookfield Infrastructure has no revenues from any one major customer which are higher than 10% of Brookfield Infrastructure's total revenues.

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BROOKFIELD INFRASTRUCTURE PARTNERS L.P.

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Non-current Assets

US$ MILLIONS	2016	2015
Australia	**$ 5,542**	$ 5,816
United Kingdom	**3,739**	3,927
Chile	**1,748**	1,704
Brazil	**1,895**	1,021
United States of America	**2,470**	1,832
Canada	**1,252**	636
Colombia	**700**	629
Europe	**718**	617
India	**265**	—
Peru	**1,281**	—
New Zealand	**33**	—
	$ 19,643	$ 16,182

NOTE 36. SUPPLEMENTAL CASH FLOW INFORMATION

	For the year ended December 31,		
US$ MILLIONS	2016	2015	2014
Interest paid	**$ 366**	$ 332	$ 328
Income taxes paid	**$ 33**	$ 22	$ 43

Amounts paid and received for interest were reflected as operating cash flows in the Consolidated Statements of Cash Flows. Interest paid is net of debt related hedges.

Amounts paid for income taxes were reflected as either operating cash flows or investing cash flows in the Consolidated Statements of Cash Flows depending upon the nature of the underlying transaction.

Details of "Changes in non-cash working capital, net" on the Consolidated Statements of Cash Flows are as follows:

	For the year ended December 31,		
US$ MILLIONS	2016	2015	2014
Accounts receivable	**$ 31**	$ 27	$ 34
Prepayments and other	**3**	1	18
Accounts payable and other	**11**	(110)	2
Changes in non-cash working capital, net	**$ 45**	$ (82)	$ 54