

*Appendix E*

*Credit/Collateral Requirements*

*For*

*2012 Request For Proposals*

*For*

*Long-Term, Supply-Side*

*Baseload Resources*

**DRAFT**

Entergy Services, Inc.  
~~July 25,~~ August 28, 2012

The statements contained in this RFP are made subject to the Reservation of Rights set forth in Appendix D of the RFP and the terms and acknowledgements set forth in the Proposal Submission Agreement.

[2012 Baseload RFP](#)

**APPENDIX E  
CREDIT/COLLATERAL REQUIREMENTS**

**I.  
SUMMARY**

ESI will evaluate all conforming proposals and will not disqualify a potential Bidder from participating in the preliminary phases of the RFP on the basis of credit (other than for a failure to provide the information required in Section 2.3 of the Main Body or as provided in Section II(C) below). Proposals selected for the Primary Selection List or the Secondary Selection List will, however, be subject to disqualification on the basis of credit. During the preliminary phases, ESI's Credit Evaluation Team (CET) will evaluate Seller's creditworthiness and the Entergy Operating Companies' exposure to Seller and the amount and type of credit support that will be required from Seller.

1. Credit and finance-related information provided in Bidder's response to Appendix G-1, G-2, G-3, or G-4, as applicable, will be utilized during the credit evaluation process.
2. The CET will determine the CET Credit Rating. For Sellers having a Published Credit Rating, the CET Credit Rating will, in most cases, be equivalent to such Published Credit Rating. Based on Seller's CET Credit Rating, the CET will determine whether and how much credit support Seller will initially be required to provide under the Definitive Agreement. For rough guidance, a Seller with a CET Credit Rating equivalent to BB+ or below from S&P or Ba1 or below from Moody's will initially be required to provide credit support in the amount set forth in the table below for each MW of nameplate capacity allocated to Buyer under the applicable Definitive Agreement, depending on the length of the Delivery Term:

<u>Length of Delivery Term</u>	<u>\$ per MW of Nameplate Capacity Allocated to Buyer</u>
10 years	\$150,000/MW
20 years	\$200,000/MW
30 years	\$225,000/MW.

Sellers with higher CET Credit Ratings will get credit towards these amounts that may reduce or eliminate the requirement for such Sellers to initially provide credit support under the Definitive Agreement.

3. Seller's CET Credit Rating and credit support requirements will be discussed with Bidder if its proposal is selected for the Primary Selection List or the Secondary Selection List. At the time of such discussions, Bidder will be asked to indicate the type of credit support Seller will provide in order to meet this RFP's credit support requirements. While credit support will not, except as provided in item 4 below, need to be posted until the execution of the Definitive Agreement, Bidder's proposal may be eliminated from further consideration if, at the time of such discussions, Bidder either fails to describe adequately its strategy for providing (or does not have an adequate strategy), or communicates an unwillingness or inability to provide, the required credit support. In addition, in

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evaluating, determining and selecting Bidders for the Primary Selection List or the Secondary Selection List, the CET may establish limits for the aggregate amount of exposure (pursuant to this RFP plus existing transactions) of the Entergy Operating Companies to a Seller or to certain groups of suppliers, including groups that are supported by the same Credit Support Provider and groups with weak CET Credit Ratings.

4. If Bidder is selected for final negotiation of a Definitive Agreement, then, upon Buyer's request, Bidder and/or its proposed Seller will enter into a Letter of Intent ("LOI") with Buyer setting forth and/or addressing key terms and conditions of the proposed Transaction. Upon execution of the LOI, Bidder or Seller will be required to provide to ESI or its designee a letter of credit in the amount of \$2 million.

## **II.**

### **PROCESS DESCRIPTION**

Article II contains a brief overview of the credit evaluation procedures expected to take place during the overall proposal evaluation process. These procedures seek to assure that Seller's credit quality, when considered in the context of Bidder's proposal to ESI, complies with ESI's corporate risk management standards, and that any requirements for credit support associated with the proposal are identified.

#### **A. Requirements for Submission of Proposal**

For purposes of ESI's credit evaluation procedures, a conforming proposal must include the information requested in Section 5 in Appendix G-1 and G-2, Section 8 in Appendix G-3 or Section 6 in Appendix G-4, as applicable, for Seller and any Credit Support Provider, including, if financial information is consolidated with other entities, all data related to Seller or Credit Support Provider that must be extracted and submitted as separate documents by Bidder according to Section 2.3 of the Main Body. If the information Bidder provides in support of a proposal falls below the Preliminary Shortlist Requirements for credit (as specified in Section 2.3 of the Main Body), Bidder must, upon ESI's request, provide reasonable evidence of Seller's ability to provide the credit support required to meet this RFP's credit support requirements.

#### **B. Determination of Credit Support Requirements**

The CET will apply its own internal procedures to determine, for each conforming proposal submitted by Bidder, the CET Credit Rating of Seller. These procedures include, without limitation, a credit analysis of financial statements utilizing, among other things, leverage, liquidity and profitability metrics. If Seller has a Published Credit Rating, the CET Credit Rating will, in most cases, be equivalent to such Published Credit Rating.

Based on Seller's CET Credit Rating, the CET will determine whether and how much credit support Seller will initially be required to provide under the Definitive Agreement. For

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rough guidance, a Seller with a CET Credit Rating equivalent to BB+ or below from S&P or Ba1 or below from Moody's will initially be required to provide credit support in the amount set forth in the table below for each MW of nameplate capacity allocated to Buyer under the applicable Definitive Agreement, depending on the length of the Delivery Term:

Length of Delivery Term	\$ per MW of Nameplate Capacity Allocated to Buyer
10 years	\$150,000/MW
20 years	\$200,000/MW
30 years	\$225,000/MW.

Sellers with higher CET Credit Ratings will get credit towards these amounts that may reduce or eliminate the requirement for such Sellers to initially provide credit support under the Definitive Agreement.

Any required credit support could take the form of:

- a parent guaranty
- a letter of credit from a bank acceptable to ESI
- cash collateral
- a lien on the power generation project and/or other assets
- other forms of credit support suggested by Bidder
- combinations of the foregoing,

provided that any form of credit support provided by Bidder is subject to ESI's satisfaction with the form and substance of such credit support.

Given the long-term nature of the Product solicited in this RFP, if a Seller's CET Credit Rating is sufficiently reduced at any time during the term of the Definitive Agreement, Buyer will have the right to require that additional credit support (or, if such Seller did not initially provide credit support, an initial amount of credit support) be provided by such Seller at that time. Conversely, credit support may be returned to Seller if its CET Credit Rating improves sufficiently during the term of the Definitive Agreement.

With respect to any credit support provided by a Credit Support Provider, the CET will undertake a similar process with respect to such Credit Support Provider as described in this Section B for Seller in order to determine a CET Credit Rating for such Credit Support Provider. Seller will get credit toward its credit support requirements for the credit support provided by such Credit Support Provider if and only if the CET Credit Rating for such Credit Support Provider meets the requirements for such type of credit support. For rough guidance, a Credit Support Provider with a CET Credit Rating equivalent to BBB- or higher from S&P and Baa3 or higher from Moody's that is the direct or indirect parent of Bidder will be eligible to provide a parent guaranty. The CET Credit Rating requirements are higher for a bank providing a letter of

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credit or holding cash collateral. In either case, the amount of credit that Seller will get credit toward its credit support requirements for the credit support provided by such Credit Support Provider will vary depending on the CET Credit Rating of such Credit Support Provider. Further, if the CET Credit Rating assigned to a Credit Support Provider is sufficiently reduced at any time during the term of the Definitive Agreement, Buyer will have the right to require that additional credit support be provided (or that such credit support be replaced) by Seller at that time. Conversely, credit support may be returned to Seller if the CET Credit Rating assigned to a Credit Support Provider improves sufficiently during the term of the Definitive Agreement.

With respect to any credit support that does not involve a Credit Support Provider (such as a lien on assets), the CET will apply its own internal procedures to determine the credit that Bidder will get toward its credit support requirements for such credit support. Such amount will be discussed with Bidder as part of the credit support discussion if such Bidder is selected for the Primary Selection List and/or the Secondary Selection List.

#### **C. Bidder Selection**

A Bidder whose proposal is selected to the Primary Selection List or the Secondary Selection List will be invited to discuss with the CET the CET Credit Rating of Seller proposed by such Bidder and asked to indicate the type of credit support Seller desires to provide in order to meet the RFP's credit support requirements. During such discussions, ESI will also discuss with Bidder the CET Credit Rating for any Credit Support Provider and the value determined by the CET with respect to any proposed credit support that does not involve a Credit Support Provider. While credit support will not, except as provided in Section II(D) below, need to be posted until the execution of the Definitive Agreement, Bidder's proposal may be eliminated from further consideration if, at the time of such discussions, Bidder either fails to describe adequately its strategy for providing (or does not have an adequate strategy), or communicates an unwillingness or inability to provide, the required credit support. Further, while ESI reserves the right to move forward with Bidders unwilling to offer satisfactory credit support, ESI will be reluctant to select any proposal from any such Bidder unless it is clearly superior to similar product offerings even taking that fact into account. Finally, please note that, in the selection of Bidders for the Primary Selection List and the Secondary Selection List, the CET may establish limits for the aggregate amount of exposure (pursuant to this RFP plus existing transactions) of the Entergy Operating Companies to a Seller or to certain groups of suppliers, including groups that are supported by the same Credit Support Provider (as defined below) and groups with weak CET Credit Ratings, and may take these limits into account in its evaluation of proposals.

#### **D. LOI Execution and Contract Negotiation**

Any Bidder notified that its proposal has been selected for final negotiation (and, if different, the proposed Seller) may be required by Buyer to enter into an LOI setting forth and/or addressing key terms and conditions of the proposed Transaction. Upon execution of the LOI, Bidder or Seller (as applicable) will be required to provide to ESI or its designee a letter of credit in the

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amount of \$2 million. The letter of credit must be issued by a U.S. commercial bank or the U.S. branch office of a foreign bank that (in either case) has a Published Credit Rating of at least A from S&P and A2 from Moody's and will be in form substantially similar to the form letter of credit attached as Annex E-1.

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**Annex E-1**  
**Form of Letter of Credit**

Irrevocable Standby Letter of Credit No. [L/C NUMBER]

Date: [L/C ISSUANCE DATE]

BENEFICIARY:  
ENTERGY SERVICES, INC.  
FOR THE BENEFIT OF [ ] AND ITS SUCCESSORS AND PERMITTED ASSIGNS  
10055 GROGANS MILL RD, SUITE 300  
THE WOODLANDS, TEXAS 77380

APPLICANT:  
[INSERT NAME]  
[ON BEHALF OF [ ]]  
[INSERT ADDRESS]  
[INSERT CITY/STATE/ZIP CODE]

LADIES AND GENTLEMEN:

AT THE REQUEST AND FOR THE ACCOUNT OF [INSERT NAME OF APPLICANT] (THE "APPLICANT"), [INSERT ADDRESS OF APPLICANT], [AND ON BEHALF OF [INSERT NAME OF ACCOUNT PARTY] (THE "ACCOUNT PARTY")], WE, [INSERT NAME OF BANK] (THE "ISSUER"), HEREBY ESTABLISH, EFFECTIVE IMMEDIATELY, IN FAVOR OF ENTERGY SERVICES, INC. (THE "BENEFICIARY"), OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. [L/C NUMBER] IN THE AGGREGATE AMOUNT OF [INSERT AMOUNT REQUIRED PURSUANT TO THE AGREEMENT (DEFINED BELOW)] UNITED STATES DOLLARS (U.S. \$ ) (AS SUCH AMOUNT MAY BE REDUCED FROM TIME TO TIME BY PARTIAL DRAWS HEREUNDER, THE "STATED AMOUNT").

WE ARE INFORMED BY THE APPLICANT THAT THIS LETTER OF CREDIT IS BEING ISSUED PURSUANT TO THAT CERTAIN LETTER OF INTENT, DATED AS OF [INSERT DATE], AMONG THE [APPLICANT/ACCOUNT PARTY], [ ] AND THE BENEFICIARY, AS AGENT FOR [ ] (TOGETHER WITH ITS SUCCESSORS AND PERMITTED ASSIGNS, "BUYER") (SUCH LETTER OF INTENT, AS MAY BE AMENDED, SUPPLEMENTED OR OTHERWISE MODIFIED FROM TIME TO TIME, THE "AGREEMENT") AND THAT THIS LETTER OF CREDIT IS BEING ISSUED IN FAVOR OF THE BENEFICIARY FOR THE BENEFIT OF BUYER.

THIS LETTER OF CREDIT IS ISSUED, PRESENTABLE AND PAYABLE AT OUR OFFICE LOCATED AT [INSERT PHYSICAL ADDRESS OF BANK'S COUNTERS] AND, EXCEPT AS PROVIDED BELOW, EXPIRES WITH OUR CLOSE OF BUSINESS ON [INSERT DATE THAT IS AT LEAST 364 DAYS AFTER THE EFFECTIVE DATE OF L/C] (AS MAY BE EXTENDED AS PROVIDED BELOW, THE "EXPIRATION DATE").

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT WRITTEN AMENDMENT FOR A PERIOD OF ONE (1) YEAR FROM THE INITIAL EXPIRATION DATE, AND THEREAFTER FOR ONE YEAR FROM EACH FUTURE EXPIRATION DATE, UNLESS, AT LEAST SIXTY (60) DAYS PRIOR TO THE THEN APPLICABLE EXPIRATION DATE, WE NOTIFY YOU IN WRITING BY REGISTERED MAIL, RETURN RECEIPT

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REQUESTED, OR COURIER SERVICE THAT WE ELECT NOT TO CONSIDER THIS LETTER OF CREDIT EXTENDED BEYOND THE THEN APPLICABLE EXPIRATION DATE.

THIS LETTER OF CREDIT SHALL FINALLY EXPIRE ON *[INSERT DATE THAT IS AT LEAST ONE YEAR AFTER THE INITIAL EXPIRATION DATE OF L/C]*, IF IT HAS NOT PREVIOUSLY EXPIRED IN ACCORDANCE WITH THE PRECEDING PARAGRAPH.

FUNDS IN PAYMENT OF A DRAWING UNDER THIS LETTER OF CREDIT ARE AVAILABLE TO THE BENEFICIARY BY PAYMENT AT SIGHT AGAINST PRESENTATION AT OUR OFFICE STIPULATED HEREIN ABOVE OF THE BENEFICIARY'S APPROPRIATELY COMPLETED SIGHT DRAFT(S) IN THE FORM OF EXHIBIT 1 ATTACHED HERETO AND DRAWING CERTIFICATE(S) IN THE FORM OF EXHIBIT 2 ATTACHED HERETO, EACH PURPORTEDLY BEARING THE SIGNATURE OF AN AUTHORIZED PERSON FOR THE BENEFICIARY (COLLECTIVELY, THE "DRAWING DOCUMENTS").

WE SHALL HAVE A REASONABLE AMOUNT OF TIME, NOT TO EXCEED TWO (2) BUSINESS DAYS FOLLOWING THE DATE OF OUR RECEIPT OF THE DRAWING DOCUMENTS, TO EXAMINE SUCH DRAWING DOCUMENTS AND DETERMINE WHETHER TO HONOR OR DISHONOR SUCH DRAWING DOCUMENTS AND TO INFORM YOU ACCORDINGLY. WE MAY DISHONOR SUCH DRAWING DOCUMENTS ONLY IF THEY DO NOT COMPLY WITH THE TERMS OF THIS LETTER OF CREDIT. WE HAVE NO DUTY OR RIGHT TO INQUIRE INTO THE VALIDITY OF, OR THE BASIS FOR, ANY DRAW. ANY NOTICE OF DISHONOR SHALL STATE ALL DISCREPANCIES UPON WHICH OUR DISHONOR IS BASED.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED HEREUNDER. ANY DRAWING HONORED HEREUNDER BY THE ISSUER SHALL REDUCE THE STATED AMOUNT AVAILABLE FOR DRAWINGS BY THE AMOUNT OF ANY DRAWING HONORED BY THE ISSUER. PRESENTATION OF DEMANDS FOR AMOUNTS IN EXCESS OF THE AMOUNT OF THIS LETTER OF CREDIT ARE ACCEPTABLE AND NOT DISCREPANT FOR THAT REASON; HOWEVER, THE AMOUNT PAYABLE ON ANY SUCH DEMAND WILL NOT EXCEED THE AMOUNT AVAILABLE UNDER THIS LETTER OF CREDIT.

WE HEREBY ENGAGE WITH YOU THAT ALL DOCUMENTS PRESENTED IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT SHALL BE DULY HONORED IF PRESENTED FOR PAYMENT ON OR BEFORE THE EXPIRATION DATE.

THIS LETTER OF CREDIT IS NOT TRANSFERABLE EXCEPT AS SET FORTH IN THIS PARAGRAPH. THIS LETTER OF CREDIT (INCLUDING THE DRAWING RIGHTS HEREUNDER) IS TRANSFERABLE BY THE BENEFICIARY, INCLUDING AS COLLATERAL FOR INDEBTEDNESS OF THE BUYER OUTSTANDING FROM TIME TO TIME, AND MAY BE SUCCESSIVELY TRANSFERRED. BY OUR EXECUTION AND DELIVERY OF THIS LETTER OF CREDIT, WE ALSO HEREBY ACKNOWLEDGE AND CONSENT, WITHOUT FURTHER CONDITIONS, TO YOUR PRESENT OR FUTURE ASSIGNMENT OF THE PROCEEDS OF ANY DRAWING UNDER THIS LETTER OF CREDIT. TRANSFER OF THIS LETTER OF CREDIT (INCLUDING THE DRAWING RIGHTS HEREUNDER), OR AN ASSIGNMENT OF THE PROCEEDS OF ANY DRAWING HEREUNDER, TO A TRANSFEREE SHALL BE EFFECTED, WITH NO OTHER CONDITIONS, BY THE PRESENTATION TO US OF AN APPROPRIATELY COMPLETED CERTIFICATE SUBSTANTIALLY IN THE FORM OF EXHIBIT 3 ATTACHED HERETO PURPORTEDLY BEARING THE SIGNATURE OF AN AUTHORIZED PERSON FOR THE BENEFICIARY. UPON RECEIPT OF ANY SUCH CERTIFICATE, WE UNDERTAKE TO PROMPTLY EXECUTE THE CONFIRMATION SET FORTH AT THE END OF SUCH CERTIFICATE AND FORWARD THE SAME DIRECTLY TO THE TRANSFEREE (PROVIDED THAT SUCH CONFIRMATION SHALL NOT BE A CONDITION TO THE TRANSFER). WE HAVE NO DUTY OR RIGHT TO INQUIRE INTO WHETHER ANY TRANSFEREE OF THIS LETTER OF CREDIT (INCLUDING

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THE DRAWING RIGHTS HEREUNDER) IS BUYER'S PERMITTED ASSIGNEE UNDER THE AGREEMENT AND MAY RELY EXCLUSIVELY ON YOUR CERTIFICATE.

ALL BANKING CHARGES ASSOCIATED WITH THIS LETTER OF CREDIT ARE FOR THE ACCOUNT OF THE APPLICANT.

AS USED HEREIN, "BUSINESS DAY" MEANS (I) ANY DAY OTHER THAN A SATURDAY, SUNDAY OR A DAY ON WHICH BANKS IN THE STATE OF NEW YORK ARE AUTHORIZED OR REQUIRED TO BE CLOSED, AND (II) ANY DAY ON WHICH PAYMENTS CAN BE EFFECTED ON THE FEDWIRE SYSTEM.

THIS LETTER OF CREDIT IS GOVERNED BY THE INTERNATIONAL STANDBY PRACTICES, INTERNATIONAL CHAMBER OF COMMERCE (ICC) PUBLICATION NO. 590 ("ISP98"), EXCEPT TO THE EXTENT THAT THE TERMS OF THIS LETTER OF CREDIT ARE INCONSISTENT WITH THE PROVISIONS OF THE ISP98, IN WHICH CASE THE TERMS OF THIS LETTER OF CREDIT SHALL GOVERN. AS TO MATTERS NOT ADDRESSED BY THE ISP98, AND TO THE EXTENT NOT INCONSISTENT WITH THE ISP98 OR THE TERMS OF THIS LETTER OF CREDIT, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING, WITHOUT LIMITATION, ARTICLE 5 OF THE UNIFORM COMMERCIAL CODE OF THE STATE OF NEW YORK) AND APPLICABLE U.S. FEDERAL LAW.

THIS LETTER OF CREDIT, INCLUDING THE EXHIBITS HERETO, SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING AND SUCH UNDERTAKING SHALL NOT IN ANY WAY BE MODIFIED, AMENDED OR AMPLIFIED BY REASON OF OUR REFERENCE TO ANY AGREEMENTS OR INSTRUMENT REFERRED TO OR IN WHICH THIS LETTER OF CREDIT IS REFERRED TO. ANY SUCH AGREEMENTS OR INSTRUMENT SHALL NOT BE DEEMED INCORPORATED HEREIN BY REFERENCE.

SINCERELY,

\_\_\_\_\_  
[ISSUING BANK]

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

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**EXHIBIT 1**

**[BENEFICIARY LETTERHEAD]**

**SIGHT DRAFT**

[DATE]

[BANK NAME AND ADDRESS]

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER \_\_\_\_\_

FOR THE VALUE RECEIVED, PAY TO THE ORDER OF \_\_\_\_\_ BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS TO THE FOLLOWING ACCOUNT:

[NAME OF ACCOUNT]  
[ACCOUNT NUMBER]  
[NAME AND ADDRESS OF BANK AT WHICH ACCOUNT IS MAINTAINED]  
[ABA NUMBER]  
[REFERENCE]

THE FOLLOWING AMOUNT:

[INSERT NUMBER OF DOLLARS IN WRITING] UNITED STATES DOLLARS  
(US\$ [INSERT NUMBER OF DOLLARS IN FIGURES])

DRAWN UPON YOUR LETTER OF CREDIT NO. \_\_\_\_\_ DATED  
[\_\_\_\_\_].

[INSERT NAME OF THE BENEFICIARY]

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

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**EXHIBIT 2**

**DRAWING CERTIFICATE**

[DATE]

[BANK NAME AND ADDRESS]

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER \_\_\_\_\_

LADIES AND GENTLEMEN:

THE UNDERSIGNED, A DULY AUTHORIZED OFFICER OF [\_\_\_\_\_] (THE "BENEFICIARY"), AS THE BENEFICIARY OF THE ABOVE-REFERENCED LETTER OF CREDIT (THE "LETTER OF CREDIT"), HEREBY CERTIFIES TO [\_\_\_\_\_] (THE "ISSUER") WITH RESPECT TO THE LETTER OF CREDIT (THE TERMS DEFINED THEREIN AND NOT OTHERWISE DEFINED HEREIN BEING USED HEREIN AS THEREIN DEFINED) THAT:

1. THE [APPLICANT/ACCOUNT PARTY], [\_\_\_\_\_] AND BUYER ARE PARTIES TO THE AGREEMENT.

[PICK ONE OF THE FOLLOWING ALTERNATIVES FOR PARAGRAPH 2]

[2. THE DRAW AMOUNT (AS DEFINED BELOW) IS DUE AND OWING BY THE APPLICANT TO THE BENEFICIARY UNDER THE TERMS OF THE AGREEMENT.] OR

[2. A BREACH BY THE ACCOUNT PARTY HAS OCCURRED UNDER THE AGREEMENT.] OR

[2. THE LETTER OF CREDIT WILL EXPIRE ON OR BEFORE THIRTY (30) DAYS AFTER THE DATE OF THIS CERTIFICATE AND THE APPLICANT HAS FAILED TO DELIVER TO BENEFICIARY A REPLACEMENT LETTER OF CREDIT OR EXTEND THE LETTER OF CREDIT IN ACCORDANCE WITH THE AGREEMENT AND SECURITY IS STILL REQUIRED UNDER THE AGREEMENT.]

3. THE BENEFICIARY IS ENTITLED TO MAKE A DRAWING UNDER THE LETTER OF CREDIT IN THE AMOUNT OF \$\_\_\_\_\_ (THE "DRAW AMOUNT") [INSERT BRACKETED LANGUAGE IF THE BENEFICIARY IS NOT THE SAME AS BUYER][, AND THE BENEFICIARY IS MAKING SUCH DRAWING FOR THE BENEFIT OF BUYER].

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS DRAWING CERTIFICATE AS OF THE \_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_.

[INSERT NAME OF THE BENEFICIARY]

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

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**EXHIBIT 3**

**FORM OF TRANSFER NOTICE**

[DATE]

[BANK NAME AND ADDRESS]

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER \_\_\_\_\_

LADIES AND GENTLEMEN:

REFERENCE IS MADE TO THAT CERTAIN IRREVOCABLE STANDBY LETTER OF CREDIT NO. \_\_\_\_\_ (THE "LETTER OF CREDIT") ISSUED BY YOU IN FAVOR OF \_\_\_\_\_ (THE "BENEFICIARY") ON BEHALF OF \_\_\_\_\_ ("APPLICANT"). THIS TRANSFER NOTICE IS PRESENTED UNDER THE LETTER OF CREDIT. CAPITALIZED TERMS NOT OTHERWISE DEFINED IN THIS TRANSFER NOTICE HAVE THE MEANINGS GIVEN TO THEM IN THE LETTER OF CREDIT.

FOR VALUE RECEIVED, THE BENEFICIARY HEREBY IRREVOCABLY ASSIGNS TO:

NAME OF TRANSFEREE:

ADDRESS:

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY *[PICK FIRST ALTERNATIVE FOR FULL ASSIGNMENT AND SECOND ALTERNATIVE FOR ASSIGNMENT OF PROCEEDS]* [UNDER THE LETTER OF CREDIT IN ITS ENTIRETY] [TO THE PROCEEDS OF ANY DRAWINGS UNDER THE LETTER OF CREDIT, WHICH SHALL BE PAYABLE AS FOLLOWS: *[INSERT ANY APPLICABLE PAYMENT INSTRUCTIONS]*].

THIS ASSIGNMENT SHALL BE EFFECTIVE AS OF \_\_\_\_\_.

*[INSERT ONLY FOR FULL ASSIGNMENT]* [BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY UNDER SUCH LETTER OF CREDIT ARE ASSIGNED TO THE TRANSFEREE AND THE TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS, WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECTLY TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.]

WE ASK YOU TO EXECUTE THE CONFIRMATION SET FORTH BELOW, AND FORWARD IT DIRECTLY TO THE TRANSFEREE.

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS TRANSFER NOTICE AS OF THE \_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_.

*[INSERT NAME OF THE BENEFICIARY]*

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

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IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS TRANSFER NOTICE AS OF THE \_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_, AND HEREBY CONFIRMS THE ASSIGNMENT OF THE LETTER OF CREDIT TO THE TRANSFEREE REFERENCED ABOVE.

*[INSERT BANK NAME]*

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

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Legend:	
<u>Insertion</u>	
<del>Deletion</del>	
<u>Moved from</u>	
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Style change	
Format change	
<del>Moved deletion</del>	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	3
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Moved to	0
Style change	0
Format changed	0
Total changes	5