

Freepoint changes dated July 10, 2018 to Phillips 66 Company Liquid Products Purchase/Sale General Terms and Conditions July 1, 2016 Edition:

All references to “P66” shall be deemed references to “Seller”.

10.1 3rd line: after “to the extent” insert “non-”
5th line: after “due to” insert “(without limitation)”

10.1(h): 2nd line: change “either Party” to “the affected Party”, and change “the performance” to “its performance”

10.2 3rd line: after “failed to” insert “exercise commercially reasonable efforts to”

10.5 Delete Section 10.5 and insert the following:
“10.5 An event of Force Majeure shall not extend the term of any Transaction.”

12.1 6th line: delete “, the sole remedy of which shall be specified in Section 11,” and insert “(which is covered in Section 11 and shall constitute a default under clause (a) above if payment is not made as provided in such Section 11)”

12.1(c) 6th line: after “to the other” insert “(the “Net Termination Payment”)”

12.2 2nd line: after “next Business Day” insert “following calculation of the Net Termination Payment”

22.1 Add at end of Sec. 22.1: “Notwithstanding the foregoing, the Seller may (without Buyer’s consent) assign all or a portion of its rights to receive and obtain payment under the Agreement in connection with any finance, securitization or bank funding arrangements.”



Phillips 66 Company
Liquid Products Purchase/Sale
GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

As used herein, the following terms shall be given the following meanings:

- (a) “Actually Placed” means the placement of a tank car in an accessible position for loading or unloading at the Terminal.
- (b) “Affiliate” means, in relation to any Party, any entity or person directly or indirectly controlled by the Party, any entity or person that directly or indirectly controls the Party, or any entity or person directly or indirectly or under common control with the Party. For this purpose, “control” of any Party, entity or person means ownership of at least fifty percent (50%) of the voting power of the Party, entity or person.
- (c) “API” means American Petroleum Institute.
- (d) “ASTM” mean ASTM International, f/k/a American Society for Testing Materials.
- (e) “Barrel” means 42 United States Gallons measured at a temperature of 60 degrees Fahrenheit (60°F) and an absolute pressure of 29.92 inches of mercury. “Gallons” means 231 cubic inches of liquid.
- (f) “Business Day” means a day on which U.S. Federal Reserve member banks in New York City are open for business.
- (g) “Buyer” means the Party obligated to buy Product under the terms of a Transaction.
- (h) “Confirmation” means any writing evidencing the Transaction, which may be sent by facsimile or any other mutually acceptable electronic means.
- (i) “Constructively Placed” means the placement of a tank car where a tank car cannot be Actually Placed or delivered to the Terminal and where the tank car is held by the railroad awaiting disposition instructions, or released by rail switching provider, or cleared for release or uncoupled from the locomotive.
- (j) “Delivery Location” and “Delivery Period” each means the location or period specified for delivery of the Product in a Confirmation.
- (k) “GPA” shall mean Gas Processors Association.

- (l) “Parties” shall mean Buyer and Seller collectively. “Party” means either Buyer or Seller, individually. “Phillips 66” means Phillips 66 Company and “Counterparty” means the other Party to a Transaction. For the purposes of Section 20, the term Party or Parties includes all others for whose actions a Party may be held accountable.
- (m) “Product” means any of the following, as specified in the applicable Confirmation: ethane, propane, butane, iso-butane and/or normal gasoline, either individually or in any combination, including the de-methanized mix.
- (n) “Seller” means the Party obligated to sell Product under a Transaction.
- (o) “Taxes” means any and all federal, state and local, statutory, governmental, impositions, duties, tariffs, levies, fees and charges of every description, including all aviation fuel, special fuel, diesel, excise, environmental, spill, gross earnings, gross receipts, sales and use taxes, in each case, wherever imposed, and all penalties, charges, costs and interest payable in connection with any failure to pay or delay in paying them and any deductions or withholdings of any sort, provided, however, that Taxes shall not include (x) property taxes, which taxes are governed by the state or local law applicable thereto, (y) taxes based on or measured by the income, gross receipts or net worth of either Party, and (z) fees, imposts or charges of whatsoever nature (including rates, tolls, and dues of every description) in respect of a Vessel entering or leaving the loading or discharge port and approaching and leaving Seller’s or Buyer’s facilities, including charges imposed by fire boats, tugs and escort or other support vessels, the applicable coast guard, linesmen, a pilot, and any other person assisting a Vessel to enter or leave the loading discharge port and approaching and leaving Seller’s or Buyer’s facilities. The term “Taxable” shall be construed accordingly.
- (p) “Transaction” means the purchase or sale of Products which may be evidenced by Confirmation and shall be governed by these General Terms and Conditions.
- (q) “U.S.” means United States of America, and every reference to money or price pertains to U.S. currency.
- (r) “Vessel” means a tankship or barge employed for the purpose of transporting Product.

2. REPRESENTATIONS AND WARRANTIES.

- 2.1 As of the date of each Transaction, Seller represents and warrants that it has good title free and clear of any liens or encumbrances to Product sold and delivered hereunder, and that Seller has full right and authority to transfer such title and effect delivery of such Product to Buyer. **SELLER AGREES TO INDEMNIFY, DEFEND AND HOLD BUYER HARMLESS FROM AND AGAINST ANY LOSS, CLAIM OR DEMAND BY REASON OF ANY FAILURE OF SUCH TITLE OR BREACH OF THIS WARRANTY.** Seller further represents and warrants that Product delivered hereunder

shall be delivered in full compliance with all applicable federal and state laws, rules and regulations.

- 2.2 If the Product purchased and sold under a Transaction is propane, Buyer represents and warrants to the Seller that Buyer is knowledgeable and aware that the propane delivered hereunder are hazardous materials and that Buyer is sophisticated and knowledgeable of (i) the hazards and risks associated with such propane, (ii) the handling, receipt, transportation, storage and use of such propane; and (iii) knowledgeable and aware that odorant loss, degradation or absorption may occur during the transportation and storage of propane and the resulting potential for lack of warning of propane presence.
- 2.3 EXCEPT AS EXPRESSLY SET FORTH IN THESE GENERAL TERMS AND CONDITIONS, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS, IMPLIED OR STATUTORY, WITH RESPECT TO THE PRODUCT OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE.
- 2.4 Each Party represents and warrants to the other Party that: (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation; (b) the execution, delivery and performance under each Transaction is within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contract to which it is a party or any law, rule, regulation, order or the like applicable to it; (c) these General Terms and Conditions and each Transactions constitute its legally valid and binding obligation enforceable against it in accordance with its terms, subject, as to enforceability only, to applicable bankruptcy, moratorium, insolvency or similar laws affecting the rights of creditors generally and to general principles of equity; and (d) it is not bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming bankrupt.

3. TITLE, RISK OF LOSS AND DELIVERY

- 3.1 Title and risk of loss shall pass from Seller to Buyer upon delivery. Seller shall not be liable to Buyer for reductions in quantity or degradation of quality of Product that occurred after the transfer of risk of loss, which shall be at Buyer's sole risk and expense.
- 3.2 When delivery is point of origin, delivery shall be deemed to have been completed:
- (a) To ships or barges when the Product has passed the Vessel's loading flange;
 - (b) To tank cars when the Product enters the tank cars loading connection point;
 - (c) To pipelines when the Product has passed the downstream flange of the meter measuring the Product for delivery; or
 - (d) To tank trucks when the Product enters the tank truck's loading connection point.

- 3.3 When delivery is point of destination, delivery shall be deemed to have been completed:
- (a) From ships or barges when the Product has passed the Vessel's discharge flange;
 - (b) From tank cars when such tank cars are Constructively Placed by the railroad, if applicable or upon Actual Placement of the tank car, if the tank car has not been constructively placed;
 - (c) From pipelines when the Product has passed the upstream flange of the meter measuring the Product for delivery; or
 - (d) From tank trucks when the Product has passed the tank truck's delivery connection point.
- 3.4 When by an in-line transfer, delivery shall be deemed to have been completed upon execution of the order by the pipeline carrier and/or storage operator.
- 3.5 Buyer shall comply with the requirements of any terminal or other facility at which Product is delivered to Buyer under a Confirmation.

4. QUANTITY AND QUALITY DETERMINATION

- 4.1 All measurement & sampling equipment, procedures, calculations, and practices (whether performed by an Independent Inspection Company ("IIC") or by terminal personnel) shall be performed in conformance with the API Manual of Petroleum Measurement Standards (MPMS), ASTM, National Institute of Standards and Technology (NIST) and Gas Processors Association (GPA) Technical Standards and Publications in their latest revision. Volumes shall be adjusted from observed conditions to standard volumes and weight in accordance with the latest revision of GPA TP-27/API MPMS Chapter 11 (e.g. Table 6B, 24E or 54E, etc. or whichever table is applicable to the commodity being received or delivered).
- 4.2 The quantity and quality of Product received or delivered shall be determined by a mutually appointed IIC. The costs of the mutually appointed IIC shall be shared equally by the Parties. Quantity as determined by the IIC shall be final and binding on all Parties and shall be the basis for preparing relevant shipping documents and invoices save fraud and/or manifest error. If, for any reason an IIC is not in attendance or if terminal operating procedures prevail (i.e. Pipeline, Truck and/or Rail Tank Car), then quantity as determined by terminal personnel shall be final and binding on all Parties and shall be the basis for preparing relevant shipping documents and invoices absent fraud and/or manifest error.
- 4.3 All measurements shall be determined by one of the following methods in descending order of preference:
- (a) Proven custody transfer Meters;

(b) Gauging of Static Tanks with the application of certified tank capacity (i.e. strapping) tables before and after Product transfer;

(c) Marine Vessel Measurements

i. Quantity shall be based on the volumes as determined from measurements of the vessel's cargo tanks with the application of certified cargo tank capacity (i.e. strapping) tables before and after the transfer per API MPMS 17.10.2 (Measurement of Refrigerated and/or Pressurized Cargoes On Board Marine Gas Carriers – Part 2 – Liquefied Petroleum and Chemical Gases).

ii. Delivered ex-ship Cargoes involving Lighterage or Ship-to-Ship Transfers (STS). In the event that a cargo is lightered from Seller's vessel; "Ship to be Lightered" (STBL), the quantity of cargo delivered/received shall be determined from the IIC's gauging of the receiving vessel's; "Service Vessel" (SV) tanks before and after the transfer per API MPMS 17.10.2 (Measurement of Refrigerated and/or Pressurized Cargoes On Board Marine Gas Carriers – Part 2 – Liquefied Petroleum and Chemical Gases);

(d) Truck or Rail - Certified Weigh Scales

(e) Truck or Rail - Tank Car gauge with the application of certified truck or rail tank car capacity (i.e. strapping) tables before and after cargo transfer.

(f) Agreement between commercial Parties. In the event the above custody transfer measurement points fail or are proven inaccurate, the Parties shall agree to negotiate in good faith and without prejudice, a new basis for custody transfer volumes.

4.4 All Product delivered hereunder shall meet the specifications, if any, set forth in the Confirmation. If no specifications are set forth in the Confirmation, such Product shall meet the latest GPA specifications for the applicable Product. Any requirements of Buyer pertaining to potential contaminants and/or specific hydrocarbon composition not set forth in the Confirmation or inconsistent with the latest GPA specifications must be identified by Buyer and allowable concentrations agreed to in writing by both Parties prior to delivery.

4.5 Quality analysis will be performed on representative samples obtained using one of the following methods in descending order of preference:

(a) In-line Sampler: A representative sample of the Refined Products delivered or received shall be obtained via flow-proportional in-line sampler that performs according to API MPMS 8.2 and/or corresponding GPA standard (GPA 2166);

- (b) Manually Drawn Samples: Samples may be obtained via all-level(s) samples (running samples), upper-middle-lower level(s) samples or spot samples at agreed levels consistent with API MPMS 8.1 and/or corresponding ISO standard (ISO 3170); or
- (c) Agreement between commercial Parties. In the event of a failure in the above sample point, the Parties shall agree to negotiate in good faith and without prejudice, a new basis for quality determination.

4.6 Each Party shall be entitled to have its representatives present during all loadings, unloadings, tests and measurements involving delivery of Product sold hereunder. Either Party may secure outside inspectors to perform gauging, sampling, and testing, in which event such inspector's determinations shall be conclusive and binding on the Parties save fraud and/or manifest error. Payments for such outside inspector's services will be paid by the Party who requested the services of such outside inspector, unless some other arrangement for payment is mutually agreed upon.

5. CLAIMS

Notice of claim as to defect in quantity or quality with respect to any delivery of Product shall be made in writing to Seller immediately after such apparent defect is discovered. Any such notice of claim shall be followed promptly by a formal written claim with all necessary details to properly process such claim. IF NO FORMAL WRITTEN CLAIM IS RECEIVED WITHIN NINETY (90) DAYS AFTER DELIVERY OF THE PRODUCT TO THE BUYER, THE CLAIM SHALL BE DEEMED TO HAVE BEEN WAIVED. The date of the completion of loading or completion of delivery shall be deemed to be "hoses off" on the pertinent Vessel's statement of facts, or documented delivery times as noted on tank truck(s), tank car(s), pipeline, and in-line transfer ticketing/reporting. Laytime and demurrage claims, if any, shall be submitted in reasonable detail within ninety (90) days from the completion of loading/discharge.

6. TANK CARS

6.1 If tank cars owned or leased by Seller are used to deliver Product hereunder and they are not unloaded and returned to the railroad within one (1) day of being Constructively or Actually Placed, Buyer shall be liable to Seller for rental at the rate of (i) \$75.00 for each day (or fraction thereof) in excess of five (5) days, (ii) the then applicable third party lease rate for tank cars on the spot market in the vicinity of the delivery point for the Product, or (iii) the lease rate paid by Seller for such tank car, whichever is higher. Buyer shall not divert or route tank cars in a manner that deviates from the tank car's routing or return billing instructions without the Seller's written approval. If the Buyer deviates from the tank car's routing or return billing instructions without the Seller's written authorization, then the tank cars shall be deemed to be trip-leased to the Buyer until they are Constructively Place or Actually Placed at the return delivery location identified in the tank car's routing or return billing instructions. In the absences of an executed trip-

lease agreement, Phillips 66's standard short-term trip lease contract provisions shall apply.

- 6.2 After loading or unloading at the destination, all valves and appurtenances shall be properly closed and sealed in accordance with all applicable laws, rules and regulations. The Buyer will reimburse the Seller for any fees and fines actually incurred as a result of failure to comply with this provision. The Buyer shall inform the Seller if any seal is not intact when the tank car is received at the terminal, even if there is no indicated shortage or overage of Product.

7. PAYMENT

- 7.1 Invoices will be prepared by Seller and transmitted to the Buyer from time to time during or shortly after the month Product is delivered to Buyer. Unless otherwise specified in a Confirmation, payment is due within five (5) Business Days after receipt of invoice by wire transfer of same day available funds or Automated Clearing House credit in U.S. Dollars. Payments shall be made to the account specified in the applicable invoice.

- 7.2 Any invoice that is received after 12:00 pm Central Prevailing Time shall be deemed to have been received on the following Business Day. If the payment due date falls on a Sunday, or on a Monday that is not a Business Day, payment shall be made to Seller on the next Business Day after such payment due date. If the payment due date falls on a Saturday, or on a day other than a Monday that is not a Business Day, payment shall be made to Seller on the last Business Day prior to such payment due date.

- 7.3 Any amount payable by Buyer to Seller hereunder shall, if not paid when due, bear interest from the due date until the date payment is received by Seller at an annual rate (based on a 360-day year) equal to the rate of two (2) percentage points above the prime rate of interest effective for the payment due date as published in *The Wall Street Journal*, but not more than the maximum rate of interest permitted under applicable law. Buyer shall pay such interest within five (5) Business Days following receipt of Seller's invoice for such interest. If Buyer, in good faith, disputes the accuracy of the amount due in respect of a Transaction, Buyer will timely pay the undisputed amount and provide a written explanation of the nature of the dispute along with supporting documentation acceptable in industry practice. If it is determined that Buyer owes the disputed amount, then Buyer shall pay interest in accordance with this Section on such disputed amount from and including the originally scheduled due date to but excluding the date paid. Notwithstanding the foregoing, if Phillips 66 is Buyer and has notified Seller of the dispute, Seller shall send to Phillips 66 an invoice with only the undisputed portion of the amount owed, and may send a separate invoice with the disputed amount, both of which shall be paid by Phillips 66 in accordance with the provisions set forth in this Section.

8. CREDIT

- 8.1 Phillips 66 shall have the right from time to time to request pertinent financial

information from the Counterparty to assure Phillips 66 of the Counterparty's creditworthiness. Phillips 66 financial information may be obtained at www.phillips66.com under the Investors tab.

- 8.2 If at any time (a) either Party has reasonable grounds for insecurity, or (b) if Counterparty exceeds the credit line then in effect as from time to time established by Phillips 66, such Party, or in the case of clause (b) Phillips 66 (in either case "X"), may immediately require the other Party ("Y) to provide Performance Assurance. "Performance Assurance" shall mean, at X's option: (a) a prepayment for the applicable Transaction(s), (b) cash collateral in an amount acceptable to X, or (c) an irrevocable standby letter of credit in X's favor in an amount acceptable to X and in a form and substance specified by X and issued or confirmed by a bank acceptable to X (an "L/C"). Y grants to X a continuing first priority security interest in, lien on and right of setoff against all Performance Assurance in the form of each transferred by Y to X. All bank charges attendant to an L/C shall be for the account Y. Delivery of the L/C, shall be made within two (2) Business Days of such request by X, but all other Performance Assurances shall be provided by the close of business on the Business Day following demand. X may immediately suspend deliveries or receipts to or from Y pending receipt of any required Performance Assurance. Any demurrage resulting from delays to a Vessel pending receipt by X of required Performance Assurance shall be for account of Y. Counterparty acknowledges that the credit line may be a negative amount and Phillips 66 may require Performance Assurance to be in an amount that is sufficient to cover the anticipated exposure.
- 8.3 In addition to the foregoing, Phillips 66 shall have the right at any time to require Counterparty to deliver a parent company guaranty in the form and substance satisfactory to Phillips 66. Such guarantee shall be of the prompt payment, when due, of any and all present or future indebtedness of the Counterparty, including any amounts owed for damages resulting from a failure of Counterparty to perform its obligations hereunder or otherwise.
- 8.4 Without limiting any other rights hereunder, Phillips 66 may require that Counterparty enter into a separate agreement pertaining to the margining and collateralization of exposure related to the Transaction or any other transaction between the Parties.

9. CONCURRENT TRANSACTIONS - NETTING OF INVOICES

In the event that the Parties agree to net invoices for amounts that are due each other on the same date, the Parties shall confirm with the exchange of writings, which may be sent by email, prior to the due date of the invoice amounts and any amounts remaining, if any, after net-out. Any remaining balance after net-out shall be paid by the Party owing such amount to the other Party on the date the gross amounts were due. Any such net-out shall be effective upon receipt of the remaining balance due after net-out to the Party owed such balance. The Parties understand and agree that such netting of invoices is expressly limited to amounts owed from purchases and sales from one Party to the other Party and that netting out any other amounts due pursuant to

any Transaction, for any reason whatsoever, including but not limited to quality claims and demurrage claims, is strictly prohibited unless otherwise agreed to by the Parties.

10. FORCE MAJEURE and ALLOCATION

10.1 Except for an obligation to make payments hereunder for Product received or pursuant to Sections 11 or 12, a Party shall be excused from the performance of its obligation to deliver or receive Product, to the extent its performance arises from a cause reasonably beyond its control, and which, by the exercise of due diligence, such Party could not have remedied, avoided or overcome. Force majeure may be due to any of the following:

- (a) Compliance (voluntary or involuntary) with laws, decrees, guidelines, requests, or the like, of any government or person purporting to act therefore, or of international organizations of which the United States is a member;
- (b) Restriction or cessation of production of Product due to the imposition of conditions or requirements by any government or any person purporting to act under the color or claim of any governmental authority which makes it necessary to cease or to reduce the production of the Product;
- (c) Hostilities of war (declared or undeclared), embargoes, blockades, civil unrest, riots or disorders, terrorism, or sabotage;
- (d) Fires, explosions, lightning, maritime peril, collisions, storms, landslides; earthquakes, floods, adverse weather conditions and other acts of nature that affect a broad geographic area;
- (e) Strikes, lockouts, or other labor difficulties (whether or not involving employees of Seller or Buyer);
- (f) Disruption or breakdown of production or transportation facilities, equipment, labor or materials;
- (g) Closing or restrictions on the use of harbors, railroads, or pipelines; and/or
- (h) Any other cause whether or not of the same class or kind, reasonably beyond the control of either Party that prevents or interferes with the performance of the affected Transaction.

10.2 Neither Party shall be entitled to declare an event of force majeure if performance is affected by any or all of the following circumstances: (i) the Party claiming force majeure excuse failed to remedy the condition and to resume the performance of such obligations with reasonable dispatch; (ii) Seller's ability to sell Product at a higher or more advantageous price than the price, agreed to for the specific Transaction, or Buyer's ability to purchase Product at a lower or more advantageous price than the price agreed to for the specific Transaction, (iii) the loss of Buyer's market(s) or Buyer's inability to use or resell Product purchased hereunder; or (iv) the loss or failure of Seller's Product supply or depletion of reserves, except as provided in Section 10.3.

10.3 In case of partial or total interruption or loss or shortage of transportation facilities or supplies, or shortage of Product deliverable hereunder, the Seller may allocate the available Product to the Buyer if the Seller does not have sufficient supplies of Product,

storage or transportation to deliver the contractual quantity. Seller may allocate its available supplies of Product on any basis which in the Seller's sole judgment is fair and reasonable, including, but not limited to, an allocation based on historical or planned deliveries. The shortage creating the need to allocate may be based on any of the following: an actual shortage of Product; a partial or total interruption or loss or shortage of transportation facilities or supplies; a shortage in a contemplated source of supply; or a general shortage in Seller's supply system (including the supply system of Seller's Affiliates).

- 10.4 In the event that either Party must invoke the provisions in this Section, such Party shall use commercially reasonable efforts to give to the other Party, first verbally and then in writing, notice of the underlying circumstances of the particular cause(s) of force majeure, and the expected duration thereof. The Party claiming force majeure will also use commercially reasonable efforts to give the other Party notice of termination of the events of force majeure and the date when performance is expected to resume.
- 10.5 The Party claiming force majeure shall also be liable for any costs of transportation that could not reasonably be prevented, including pipeline imbalance changes, rail detention charges or similar charges.

11. DELIVERY AND RECEIPT FAILURES

- 11.1 Unless excused by force majeure, including an allocation, or the other Party's failure to perform, if Seller fails to deliver or Buyer fails to take delivery of all of the quantity of the Product as required in a particular Transaction during the applicable Delivery Period (the "Non-Performing Party"), the exclusive remedy for the Non-Performing Party's failure shall be as follows:
- (a) If Seller is the Non-Performing Party, Seller shall pay Buyer within five (5) Business Days of receipt of notice of the amount due, an amount for each Gallon or Barrel (as applicable) of the Product of such deficiency equal to (1) the market price at which Buyer, acting in a commercially reasonable manner, is able, or absent an actual purchase, would be able to purchase or otherwise take delivery of Product in a quantity and quality comparable to the deficiency at the Delivery Location as determined by Buyer in a commercially reasonable manner, plus (i) costs reasonably incurred by Buyer in purchasing such substitute Product and (ii) additional transportation charges, if any, reasonably incurred by Buyer as a result of taking delivery of substitute Product at a location other than the Delivery Location, minus (2) the price agreed to for the specific Transaction; except that if such difference is zero or negative, then neither Party shall have any obligation to make any deficiency payment to the other.
- (b) If Buyer is the Non-Performing Party, Buyer shall pay Seller within five (5) Business Days of the receipt of notice of the amount due, an amount for each Gallon or Barrel (as applicable) of the Product of such deficiency equal to (1) the price agreed to for the specific Transaction, plus any storage, transportation or other costs reasonably

incurred by Seller in reselling the Product, minus (2) the market price at which Seller, acting in a commercially reasonable manner, is able, or absent an actual sale, would be able to sell or otherwise dispose of the Product at the Delivery Location, as determined by Seller in a commercially reasonable manner; except that if such difference is zero or negative, then neither Party shall have any obligation to make any deficiency payment to the other.

- 11.2 A failure by a Non-Performing Party to pay the damages set forth herein, shall be a failure to pay for the purposes of Section 12.

12. DEFAULT

- 12.1 If either Party (the “Defaulting Party”) or any guarantor, as applicable, shall (a) with respect to any Transaction or other agreement between the Parties, fail to pay in accordance with the terms of such Transaction or other agreement, and such failure is not cured within two (2) Business Days after written notice; (b) breach of any non-payment obligation contained herein or any other agreement between the Parties, other than either an obligation to deliver or receive Product, the sole remedy of which shall be specified in Section 11, or otherwise specified as an Event of Default, if not cured within two (2) Business Days after written notice; (c) fail to provide Performance Assurances in accordance with Section 8.2; (d) fail to comply with any other credit requirement and such failure continues for two (2) Business Days after written notice; (e) make an assignment or any general arrangement for the benefit of creditors; (f) become bankrupt or insolvent, however evidenced, or be unable to pay its debts as they fall due; (g) file a petition or otherwise commence a proceeding under any bankruptcy, insolvency or similar law, or have any such petition filed or proceeding commenced against it; and/or (h) have a liquidator, administrator, receiver or trustee appointed with respect to it or any substantial portion of its property or assets; (in each case, an “Event of Default”) then the other Party (the “Non-Defaulting Party”) may on written notice to the Defaulting Party (except in the case of default specified in clauses (e-h) above in which case no notice is required):

- (a) designate a Day to terminate all Transactions and calculate its Termination Payment, as such term is defined below, for each such Transaction;
- (b) if the Defaulting Party is Buyer and Seller has delivered Products to Buyer under a Transaction, the Seller may take possession of the Products and/or collect upon any security provided on behalf of Buyer; and
- (c) set off or aggregate as appropriate, all other amounts then owing between the Parties hereunder or otherwise, and at the election of the Non-Defaulting Party amounts, if any, owed by the Non-Defaulting Party and/or its Affiliates to the Defaulting Party or by the Defaulting Party to the Non-Defaulting Party and/or its Affiliates, so that all such amounts are aggregated and/or netted to a single liquidated amount payable by one Party to the other.

- 12.2 The net amount due after such liquidation shall be paid by the close of business on the

next Business Day. The “Termination Payment” in respect of each Transaction shall be (a) the amount owed on or before the termination date, whether or not then due, by each Party with respect to all Product delivered and received under the terminated Transactions but not yet paid for, (b) the difference between the Market Value and the Contract Value for each terminated Transaction, (c) any other amounts owed by the Parties and (d) any other damages, costs or expenses incurred by the Non-Defaulting Party as a result of the early termination of each Transaction being terminated, including, without duplication, any damages, losses and expenses incurred in connection with the liquidation of hedges related to such terminated Transactions. “Market Value” means the amount of the Product remaining to be delivered or purchased under a Transaction multiplied by the market price for an equivalent transaction at the Delivery Location as determined by the Non-Defaulting Party in a commercially reasonable manner. “Contract Value” means the amount of the Product remaining to be delivered or purchased under a Transaction multiplied by the price specified in the Confirmation for the Transaction.

- 12.3 After an Event of Default, the Non-Defaulting Party (at its election) shall have a general right of setoff with respect to any or all amounts owing between the Parties (whether with respect to a Transaction, any other transaction or otherwise and whether or not then due). After an Event of Default, the Defaulting Party is also responsible for any other costs and expenses (including, without limitation, reasonable attorneys’ fees and disbursements) incurred by the Non-Defaulting Party in connection with such Default.
- 12.4 In addition to the remedies set forth above, immediately upon the occurrence of any event that would give rise to an Event of Default with either or both the lapse of time or the giving of notice, the Non-Defaulting Party may suspend all performance under any or all Transactions.
- 12.5 The Parties intend that: (a) each Transaction shall constitute a “forward contract”; (b) these General Terms and Conditions shall constitute a “master netting agreement”; (c) each Party shall be a “forward contract merchant” and a “master netting agreement participant”; (d) all payments made or to be made by one Party to the other Party pursuant to any Transaction and/or these General Terms and Conditions constitute “settlement payments” and (e) any transfer of credit support, including Performance Assurance, constitutes “margin payments” as such terms are defined in Title 11 of the United States Code, as amended from time to time (the “Bankruptcy Code”). Additionally, each Party’s rights under this Section constitute a “contractual right to liquidate” the Transactions within the meaning of Section 556 of the Bankruptcy Code. All Transactions are entered into in reliance on the fact that the General Terms and Conditions and all Transactions thereunder form a single integrated agreement between the Parties. Upon a Party becoming bankrupt, the other Party shall be entitled to exercise its rights and remedies under these General Terms and Conditions in accordance with the safe harbor provisions of the Bankruptcy Code.”
- 12.6 The Non-Defaulting Party’s rights under this Section shall be in addition to, and not in limitation or exclusion of, any other rights which the Non-Defaulting Party may have

(whether by agreement, operation of law or otherwise).

13. GOVERNING LAW

- 13.1 These General Terms and Conditions and each Transaction shall be governed by and construed in accordance with the laws of the State of New York without reference to its law on conflicts other than §5-1401 of the New York General Obligations Law, and the Parties hereby submit to the non-exclusive jurisdiction of the courts of the State of New York and the federal courts situated in New York City, Borough of Manhattan, and to service of process by certified mail.
- 13.2 The Parties agree that the United Nations Convention on Contracts for the International Sale of Goods shall not in any way apply to, or govern any Transaction hereunder.

14. TAXES

- 14.1 Seller shall pay, reimburse, indemnify, defend and hold harmless Buyer for any and all applicable Taxes, including all taxes assessed on or in connection with production, extraction, processing, manufacture or transport of Product (including, without limitation, assuring that severance taxes, royalties, working interest payments and similar burdens imposed with relation to extraction and production of same are borne by Seller or prior suppliers of same) with respect to the Product(s) delivered hereunder, the taxable incident of which occurs before the transfer of title to the Product(s) to Buyer. Notwithstanding the foregoing, Buyer will reimburse Seller for any PERC odorization assessments. Seller shall not be obligated to indemnify or hold harmless Buyer for any Taxes levied or imposed by any governmental authority in any country and payable by Buyer (i) which do not directly relate to the performance by Buyer of its obligations hereunder, or (ii) resulting from the creation of a permanent establishment, trade or business or presence by Buyer (or any Affiliate thereof).
- 14.2 Buyer shall pay, reimburse, indemnify, defend and hold harmless Seller for: any and all applicable Taxes with respect to the Product(s) delivered hereunder, the taxable incident of which occurs at or after transfer of title to the Product(s), including, but not limited to, all Taxes related to the export of the Product. Buyer shall not be obligated to indemnify or hold harmless Seller for any Taxes levied or imposed by any governmental authority in any country and payable by Seller (i) which does not directly relate to the performance by Seller of its obligations hereunder, or (ii) resulting from the creation of a permanent establishment, trade or business or presence by Seller (or any affiliate thereof). If Buyer claims exemption from any Taxes or fees, Buyer shall provide Seller with the appropriately executed exemption certificates.

- 14.3 In the event either Buyer or Seller becomes aware of a potential or actual liability to make any payment of Taxes which might give rise to a claim, it shall give notice of the circumstances to the other Party as soon as reasonably practicable, in order to allow both Parties reasonable opportunity to seek to minimize their liability for such Taxes, acting always in compliance with the laws of the relevant governmental authority. Each Party shall give the other Party such assistance as is reasonable in the circumstances in this regard, and Buyer or Seller (as appropriate) shall not make any payment of such Taxes until the due date on which such Taxes are due and payable in accordance with the relevant tax regulations unless an early payment could result in a reduction of the liability to such Taxes.
- 14.4 Seller reserves the right to claim, to receive, and to retain drawbacks on imported duty-paid merchandise used in the manufacture of Product it delivers to Buyer, and to the extent Buyer has such rights, Buyer hereby assigns such rights to Seller. Whenever Product is exported, the Buyer shall promptly notify the Seller and shall, on request, execute claim forms in favor of Seller to enable it to establish its drawback rights under custom regulations. When applicable to Product produced by Phillips 66, Buyer shall furnish Seller a copy of the non-negotiable bill of lading for the export of the Products, an assignment of export drawback rights for U.S. Customs and Border Protection and any forms required by governmental authorities covering each batch of Products sold to and exported by Buyer or any of Buyer's subsidiaries or licensees, each fully completed and properly executed by all necessary parties and endorsed to Seller, where appropriate.

15. SAFETY DATA SHEETS

The Safety Data Sheets and labels for Product delivered hereunder contain information regarding health risks and recommendations for the safe use and handling of Product, and can be obtained at <http://www.phillips66.com/EN/products/Pages/msds.aspx>. Buyer acknowledges and represents that it has obtained and will read such Safety Data Sheets, the labels, or warnings and will seek clarification of any information contained in them to the extent necessary to enable Buyer, in its judgment, to understand the information contained in them. Buyer will exercise the degree of care necessary to protect all persons and property from all hazards disclosed in such Safety Data Sheets, labels or warnings. With respect to propane, at a minimum, Buyer's obligations in this regard include (a) warning the employees of Buyer and of its Affiliates who may become exposed to such propane of its hazards; (b) taking measures to assure that such employees have appropriate safety equipment which is adequately maintained and properly used and that all precautions contained in Safety Data Sheets, labels and other warnings are followed; (c) warning third parties, including Buyer's customers, who may use or be exposed to propane of its hazards; and (d) requiring that the precautions described in such Safety Data Sheets, labels and other warnings are followed.

16. INDEMNITIES and LIMITATION OF LIABILITY

- 16.1** SELLER AND BUYER MUTUALLY COVENANT TO PROTECT, DEFEND, INDEMNIFY AND HOLD EACH OTHER HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, SUITS, LOSSES, EXPENSES (INCLUDING WITHOUT LIMITATION, COSTS OF DEFENSE, ATTORNEY'S FEES AND INTEREST), DAMAGES, FINES, PENALTIES, CAUSES OF ACTION AND LIABILITIES OF EVERY TYPE AND CHARACTER, INCLUDING BUT NOT LIMITED TO PERSONAL INJURY OR DEATH TO ANY PERSON INCLUDING EMPLOYEES OF EITHER PARTY OR LOSS OR DAMAGE TO ANY PERSONAL OR REAL PROPERTY, CAUSED BY, ARISING OUT OF OR RESULTING FROM THE ACTS OR OMISSIONS OF NEGLIGENCE OR WILLFUL ACTS OF SUCH INDEMNIFYING PARTY, ITS OFFICERS, EMPLOYEES OR AGENTS WITH RESPECT TO THE PURCHASE AND SALE OF PRODUCT HEREUNDER. IN THE EVENT THE PARTIES ARE JOINTLY AND/OR CONCURRENTLY NEGLIGENT, EACH PARTY SHALL INDEMNIFY THE OTHER PARTY TO THE EXTENT OF ITS NEGLIGENT ACTS OR OMISSIONS OR WILLFUL ACTS.
- 16.2** IF PRODUCT IS DELIVERED ODORIZED, NOTWITHSTANDING ANYTHING IN THESE GENERAL TERMS AND CONDITIONS IS CONTRACT TO THE CONTRARY, UPON RECEIPT FROM SELLER OF DOCUMENTATION OF THE REQUIRED ODORIZATION, BUYER'S INDEMNIFICATION OBLIGATION UNDER THESE GENERAL TERMS AND CONDITIONS SHALL INCLUDE, AMONG ANY OTHER CLAIMS, THOSE COMPRISING OR ASSERTING LACK OF OR INADEQUATE WARNING MATERIALS, IMPROPER AMOUNTS, USE OR TYPE OF ODORANT, "ODORANT FADING," LACK OF WARNING ON SUPPLEMENTAL WARNING SYSTEMS (SUCH AS GAS DETECTORS) AND IMPROPER TRAINING OR MONITORING OF BUYER'S WARNING OR TRAINING PROGRAMS RESPECTING ODORIZATION. IF BUYER DESIRES ANY PRODUCT DELIVERED HEREUNDER TO BE UNODORIZED, BUYER MUST FURNISH AN UNSTENCHED PRODUCT REQUEST TO SELLER ON A FORM ACCEPTABLE TO SELLER'S LEGAL DEPARTMENT.
- 16.3** EXCEPT AS EXPRESSLY PROVIDED HEREIN, NEITHER PARTY SHALL BE LIABLE FOR ANY PROSPECTIVE OR LOST PROFITS OR SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES.

17. INSURANCE

In the absence of any other agreement governing insurance requirements for access to a property or facilities for loading or unloading a Product, this provision shall apply. In the event a Party ("C") enters onto the property of the other Party ("D") to either deliver or receive Product, then, unless C is self-insured and has provided D evidence of such self-insurance as requested and reasonably acceptable to D, C agrees to procure and maintain or cause its accessing agents, contractors and their subcontractors and representatives to procure and maintain, insurance

coverage. Such insurance shall be in compliance with the requirements of the applicable law of the Delivery Location. C acknowledges and agrees that D shall not insure C's Products, employees, contractors and/or property nor the Product(s), property and/or employees, contractors of others in connection with these General Terms and Conditions. Insurance required by the above provision, if any, and deductibles associated therewith shall be carried and paid, as applicable, by C at its own expense.

18. NEW OR CHANGED REGULATIONS

- 18.1 It is understood by the Parties that Seller is entering into each Transaction in reliance on the laws, rules, regulations, decrees, agreements, concessions and arrangements (hereinafter called "Regulations") in effect on the date hereof with governments, governmental instrumentalities or public authorities affecting the Product sold hereunder including, but without limitation to the generality of the foregoing, those relating to the production, acquisition, gathering, manufacturing, transportation, storage, export, trading or delivery thereof, insofar as such Regulations affect Seller or Seller's Supplier.
- 18.2 In the event that at any time and from time to time any Regulations are changed or new regulations become effective, whether by law, decree or regulation or by response to the insistence or request of any governmental or public authority or any person purporting to act therefore, and the material effect of such changed or new Regulations (a) is not covered by any other provision hereunder, and (b) has a material adverse economic effect upon Seller, Seller shall have the option to request re-negotiation of the prices or other pertinent terms hereunder. Such option may be exercised by Seller at any time after such changed or new Regulation is promulgated, by written notice of desire to re-negotiate, such notice to contain the new prices or terms desired by Seller.
- 18.3 If the Parties do not agree upon new prices or terms satisfactory to both within thirty (30) days after Seller gives such notice, Seller shall have the right to terminate the affected Transaction at the end of the said 30-day period. Any Product delivered during such 30-day period shall be sold and purchased at the price and on the terms applying hereunder without any adjustment in respect of the new or changed Regulations concerned.

19. AUDIT

- 19.1 Seller and Buyer shall maintain records that demonstrate compliance with the applicable law and Regulations and/or to verify the accuracy of any charge under any Transaction for a period of two years from the date of the last Delivery Period of a Transaction (the "Audit Period"). Seller and Buyer shall have the right to inspect and copy any and all such records of the other Party at any reasonable time or times during normal business hours during the Audit Period to the extent necessary. This provision shall survive termination of the Transaction for a period equal to the remainder of the Audit Period
- 19.2 In addition to provisions set forth above, during the Audit Period at any reasonable time, but not more than two times per year, each Party shall have the right to audit the books

and records of the other Party relating to performance of the Transactions. The audited Party shall fully cooperate with the auditing Party to accomplish the audit as expeditiously as possible. Either Party may retain outside auditors or inspectors, the costs and fees of which shall be borne by the Party employing the outside auditor or inspector. Each Party agrees to be bound and shall cause any independent auditors or inspectors to be bound by the confidentiality obligations contained herein. Either Party may witness any inspection at its own expense. Each Party shall retain all such books and records during the Audit Period. Unless a claim had been made during the Audit Period, upon the conclusion of the Audit Period, all statements, invoices and charges shall be conclusive and final.

20. **EXPORT COMPLIANCE, SANCTIONS, ANTI-CORRUPTION, & ANTI-BOYCOTT COMPLIANCE**

- 20.1 In the event that the Product subject to these General Terms and Conditions is to be exported, each Party warrants to the other that it will comply with all applicable laws, regulations, rules and requirements relating to export and re-export control and sanctions, including but not limited to the U.S. Export Administration Regulations, U.S. Treasury Department's Office of Foreign Assets Control regulations, the U.S. International Traffic in Arms Regulations (together, "Export and Sanctions Law"). Nothing shall be shipped to, transshipped through, or sourced from, directly or indirectly, any country, company or individual or for any end-use that is prohibited under Export and Sanctions Law. If either Party is or becomes identified on any government export denial, blocked, debarred, Specially Designated National, or other similar list, the other Party may terminate any Transaction subject to these General Terms and Conditions upon written notice to the other at any time. Each Party shall be excused from performance of any obligation under the affected Transaction if such performance is prohibited under Export and Sanctions Law.
- 20.2 The Parties warrant to each other that they shall comply with all applicable anti-bribery and anti-money laundering laws, rules, and regulations of the United States, European Union or any member state, the Republic of Singapore, and any other similar laws in all applicable jurisdictions. These laws include, without limitation, the currently effective or successor versions of the U.S. Foreign Corrupt Practices Act; the UK Bribery Act 2010; the UK Money Laundering Regulations 2007; the UK Anti-Terrorism, Crime, and Security Act 2001; the Proceeds of Crime Act 2002; and the Singapore Penal Code.
- 20.3 Nothing in these General Terms and Conditions is intended to be, or shall be construed as, an agreement by either Party to take or refrain from taking any action that is or would be prohibited by or penalized under U.S. anti-boycott laws or regulations.
- 20.4 Neither Party shall directly or indirectly, pay salaries, commissions, or fees, or make payments or rebates to employees or officers of the other Party, nor favor employees, officers, or the designees thereof of the other Party with gifts or entertainment of unreasonable cost or value, or with services or goods sold at less than full market value,

or enter into business arrangements with employees or officers of the other Party, unless such employees or officers are acting as representatives of the other Party.

20.5 Either Party may terminate the affected Transactions immediately upon written notice to the other, if the other Party is in breach of the above clauses or fails to cooperate by providing information demonstrating compliance. Violation of these clauses shall be deemed a material breach of these General Terms and Conditions. Each Party agrees to indemnify the other for any fines, penalties, claims, losses, damages, costs (including legal costs), expenses, and liabilities that may arise as a result of the indemnifying Party's breach of its obligations under these clauses.

20.6 In the event of a conflict between this section and any other provision, the terms of this Section 20 shall prevail.

21. MARKET DISRUPTION

If the price of the Product specified in a Confirmation is based upon a specified index and there is a Market Disruption Event, as defined below, the Parties shall negotiate in good faith to agree on a replacement price or on a method for determining a replacement price for the affected Day. If the Parties have not so agreed on or before the second Business Day following the affected Day, then the replacement price for the original contract price shall be determined within the next two following Business Days with each Party obtaining, in good faith and from non-affiliated market participants in the relevant market, up to two quotes for prices of Product for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Location and averaging the quotes received. If either Party fails to provide up to two quotes, then the average of all quotes obtained shall determine the replacement price. A "Market Disruption Event" means, with respect to an index specified for a Transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the contract price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the contract price has occurred.

22 MISCELLANEOUS

22.1 No Transaction shall be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld. Each assigned Transaction shall be binding upon and shall inure to the benefit of the Parties and their permitted successors and assigns. Notwithstanding the foregoing, Phillips 66 shall have the right to assign any Transactions to a creditworthy Affiliate without the necessity of obtaining the Counterparty's consent thereto. Such assigned Transactions shall be subject to General Terms and Conditions that are identical to those set forth herein, except that references to Phillips 66 shall be to the assignee.

- 22.2 No waiver by either Party of any breach by the other Party of any of the covenants or conditions of these General Terms and Conditions or any Transaction shall be construed as a waiver of any succeeding breach of the same or of any other covenant or condition hereof.
- 22.3 No statement or agreement, oral or written, made prior to or at the time of entering into a Transaction, shall vary or modify the written terms hereof, and neither Party shall claim any amendment to, modification of, or release from any provisions by mutual agreement unless such agreement is in writing, signed by the other Party. These General Terms and Conditions integrate the entire understanding between the Parties with respect to the subject matter covered and supersedes all prior understandings, drafts, discussions, or statements, whether oral or in writing, expressed or implied, dealing with the same subject matter.
- 22.4 Except as provided in the next sentence, all notices, invoices and other communications by one Party to the other under these General Terms and Conditions and any Transaction shall be in writing and shall be delivered personally, by overnight courier, by certified mail, return receipt requested, by facsimile, or e-mail to the Party's address set forth in the Confirmation or otherwise in the sending Party's records. Notwithstanding the foregoing, a notice of an Event of Default may not be sent e-mail. Notices will be deemed given when received, or in the case of notice sent by facsimile, at the time of transmission if sent during normal business hours, or the following Business Day if sent after normal business hours.
- 22.5 If any conflict exists between the terms and conditions of these General Terms and Conditions and those of the Transactions, the terms and conditions of the Transaction shall control. The section headings are for convenience only and shall not be interpreted in any way to limit or change the subject matter of the General Terms and Conditions.
- 22.6 If any court of competent jurisdiction holds any terms or condition herein invalid or unenforceable, the remaining terms and conditions shall remain in full force and effect. The invalidity of any one or more covenants or provisions of these General Terms and Conditions shall not affect the validity of any other provisions hereof or these General Terms and Conditions, and the Transactions thereunder as a whole, and in case of any such invalidity, these General Terms and Conditions shall be construed to the maximum extent possible as if such invalid provision had not been included herein.
- 22.7 Each Party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the Parties in connection with any potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and (iii) agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings.
- 22.8 Any Confirmation or other related document, or recording may be scanned and stored electronically, or stored on computer tapes and disks, as may be practicable (the "Imaged

Agreement”). The Imaged Agreement, if introduced as evidence on paper, the Confirmation if introduced as evidence in automated facsimile form, any recording, if introduced as evidence in its original form and as transcribed onto paper, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings, will be admissible as between the Parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of any Imaged Agreement (or photocopies of the transcription of such Imaged Agreement) on the basis that such were not originated or maintained in documentary form under the hearsay rule, the best evidence rule or any other rule of evidence. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

- 22.9 Neither Party shall disclose the terms or conditions of any Transaction to any third party (other than the Party’s employees, lenders, counsel, accountants or advisors that have a need to know such information and have agreed to keep it confidential), except in order to comply with any applicable law, regulation, any exchange or in connection with any court or regulatory proceeding; provided, however each Party shall, to the extent practicable, use reasonable efforts to prevent or limit the disclosure. Notwithstanding the foregoing, a Party may elect to report a Transaction to a price index publication in which case the Product description, volume, price, delivery point and delivery date may be disclosed but the identity of the counterparty shall remain confidential. The Parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation.

23. ADDENDA

Incorporated by reference herein, are certain addenda providing further terms and conditions as applicable:

- (a) Dodd-Frank Schedule
- (b) Marine Provisions applicable to Non-Crude Oil Products, if delivery is to be made by waterborne transportation
- (c) Rail Provisions, if delivery is to be made by rail transportation

All addenda are available at http://www.phillips66.com/EN/products/Pages/comm_terms.aspx.