

Delta Natural Gas Company, Inc.
CASE NO. 2017-00406

FIRST PSC DATA REQUEST
DATED OCTOBER 19, 2017

1. Refer to the Application, page 2. Explain why PNG Companies, LLC (“PNG”) is issuing new Series 2017-B Senior Secured Notes to the holders of the existing Delta notes.

Response:

PNG Companies LLC (“PNG”) issues debt for its subsidiaries at the PNG level to provide a more efficient and cost-effective means of raising capital across its subsidiaries. Currently none of PNG’s subsidiaries maintain external debt, all debt is intercompany with PNG. Moving Delta’s existing debt to PNG and replacing it with intercompany debt is consistent with PNG’s approach to subsidiary financing. Being able to consolidate the borrowing needs of the PNG Companies and its subsidiaries provides greater access to capital through larger network long-term debt investors. Also, the combination of borrowing needs of all subsidiaries creates larger offering sizes which provide a greater opportunity for competitive pricing and execution compared to smaller offering sizes.

Sponsoring Witness:

John B. Brown

Delta Natural Gas Company, Inc.
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2. Refer to the Application, page 3.
 - a. Refer to paragraph 6. Describe the minor changes to the Delta note as a result of the issuance of long term debt to PNG.
 - b. Refer to paragraph 7. Provide the amount of the remaining unamortized debt expense.

Response:

- a. While paragraph 6 of application states the New Delta Note is subject to minor changes, no such changes have yet been identified that would need to be made to the draft provided as Exhibit D to the application.
- b. In its order for Case No. 2011-00406, dated November 16, 2011, the Commission authorized Delta to amortize the cost of the Series A Notes and any remaining unamortized cost of previous debt issuances over the life of the Series A Notes. As of September 30, 2017 Delta had unamortized costs of \$2,483,261 remaining on its Balance Sheet, which it is amortizing through December 2031 using the effective interest method.

Sponsoring Witness:

John B. Brown

Delta Natural Gas Company, Inc.
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3. Refer to Exhibit B, page 2. Indicate whether there was a prepayment premium associated with PNG's issuing of its notes to the holders of the existing Delta notes.

Response:

Prudential did not require the payment of the prepayment premium associated with PNG's issuing of its notes to the holders of the existing Delta notes. Prudential would require PNG to pay the prepayment premium if PNG ultimately chooses to pay any portion of the debt earlier than dictated by the original terms.

Sponsoring Witness:

John B. Brown

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4. Explain whether Delta explored the option of refinancing the existing notes at a lower interest rate. If so, explain why this option was not chosen. If not, explain why not.

Response:

Delta did review a calculation of the Prudential prepayment premium in the event Delta chose to refinance the existing notes at a lower interest rate. The amount of prepayment premium was such that any benefit from refinancing at a lower interest rate would have been eliminated with the cost of the prepayment premium.

Sponsoring Witness:

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5. Refer to the Application, Exhibit D. Provide the Third Supplement to the Note Purchase Agreement referenced in the first paragraph of the Delta Promissory Note.

Response:

See attached.

Sponsoring Witness:

John B. Brown

EXECUTION VERSION

PNG COMPANIES LLC

THIRD SUPPLEMENT TO NOTE PURCHASE AGREEMENT

Dated as of September 20, 2017

Re: \$50,499,999.95 4.26% Series 2017-B Senior Secured Notes due
December 20, 2031

PNG COMPANIES LLC
375 North Shore Drive, Suite 600
Pittsburgh, PA 15212

Dated as of
September 20, 2017

To the Purchasers listed in
the attached Schedule A hereto

Ladies and Gentlemen:

This Third Supplement to Note Purchase Agreement (this "*Third Supplement*") is between PNG COMPANIES LLC, a Delaware limited liability company (the "*Company*"), and the institutional investors named on Schedule A attached hereto (the "*Purchasers*").

Reference is hereby made to that certain Note Purchase Agreement dated as of February 26, 2010 (as amended by that certain First Amendment to Note Purchase Agreement dated as of August 10, 2011, that certain Second Amendment to Note Purchase Agreement dated as of August 22, 2013, that certain First Supplement to the Note Purchase Agreement dated as of December 12, 2013 and that certain Second Supplement to the Note Purchase Agreement dated as of July 14, 2017 the "*Note Purchase Agreement*") between the Company and the purchasers party thereto. All capitalized terms not otherwise defined herein shall have the same meaning as specified in the Note Purchase Agreement. Reference is further made to Section 2.2(c)(2) of the Note Purchase Agreement which requires that, prior to the delivery of any Additional Notes, the Company and each Additional Purchaser shall execute and deliver a Supplement.

The Company intends to effect a Permitted Acquisition (as defined in the Note Purchase Agreement) pursuant to that certain Agreement and Plan of Merger dated as of February 20, 2017 by and among the Company, Delta Natural Gas Company, Inc., a Kentucky corporation ("*Delta*"), and Drake Merger Sub Inc., a Kentucky corporation ("*Merger Sub*") and a wholly-owned subsidiary of the Company pursuant to which Merger Sub will be merged with and into Delta and Delta will be the surviving corporation in the merger (the "*Delta Acquisition*"). To refinance Delta's 4.26% Senior Notes, Series A, due December 20, 2031 (the "*Existing Delta Notes*") which are held by certain of the Purchasers, the Company will issue the Series 2017-B Notes (as defined below) in exchange for such Existing Delta Notes (such issuance and exchange hereafter referred to as the "*Note Exchange*").

The Company hereby agrees with the Purchasers as follows:

1. The Company has authorized the issue and exchange of \$50,499,999.95 aggregate principal amount of its 4.26% Series 2017-B Senior Secured Notes due December 20, 2031 (the

“*Series 2017-B Notes*”). The *Series 2017-B Notes*, together with the Series 2010-A Notes initially issued pursuant to the Note Purchase Agreement and the Series 2013-A Notes issued pursuant to the First Supplement to the Note Purchase Agreement dated as of December 12, 2013 and the Series 2017-A Notes issued pursuant to the Second Supplement dated as of July 14, 2017, and each series of Additional Notes which may from time to time hereafter be issued pursuant to the provisions of Section 2.2 of the Note Purchase Agreement, are collectively referred to as the “Notes” (such term shall also include any such notes issued in substitution therefor pursuant to Section 13 of the Note Purchase Agreement). The Series 2017-B Notes shall be substantially in the form set out in Exhibit 1(a) hereto with such changes therefrom, if any, as may be approved by the Purchasers and the Company.

2. Subject to the terms and conditions hereof and as set forth in the Note Purchase Agreement and on the basis of the representations and warranties hereinafter set forth, the Company will issue to each Purchaser, at the Closing provided for in Section 3, and each Purchaser will receive from the Company, Series 2017-B Notes in consideration for the exchange of the Existing Delta Notes in the principal amount specified opposite such Purchaser’s name in Schedule A hereto. The obligations of each Purchaser hereunder are several and not joint obligations and no Purchaser shall have any obligation or any liability to any Person for the performance or nonperformance by any other Purchaser hereunder.

3. The Note Exchange shall occur concurrently with the consummation of the Delta Acquisition at the offices of Schiff Hardin LLP, 666 Fifth Avenue, 17th Floor, New York, New York 10103 at 11:59 p.m. New York, New York time, at a closing (the “*Closing*”) on September 20, 2017 (the “*Closing Date*”). At the Closing, the Company will deliver to each Purchaser of the Series 2017-B Notes to be exchanged for such Purchaser’s Existing Delta Note as specified opposite such Purchaser’s name in Schedule A attached hereto in the form of a single Series 2017-B Note (or such greater number of Series 2017-B Notes in denominations of at least \$100,000 as such Purchaser may request) dated the date of Closing and registered in such Purchaser’s name (or in the name of such Purchaser’s nominee). If, at the Closing, the Company shall fail to tender such Series 2017-B Notes to any Purchaser as provided above in this Section 3, or any of the conditions specified in Section 4 shall not have been fulfilled to any Purchaser’s satisfaction, such Purchaser shall, at its election, be relieved of all further obligations under this Third Supplement, without thereby waiving any rights such Purchaser may have by reason of such failure or such nonfulfillment. Promptly after the Closing the Purchasers holding Existing Delta Notes agree to deliver such Existing Delta Notes to the Company for cancellation.

4. The obligation of each Purchaser to exchange the Existing Delta Notes for the Series 2017-B Notes at the Closing is subject to the fulfillment to such Purchaser’s satisfaction, prior to the Closing, of the following conditions:

(a) Except as deemed modified or substituted and replaced by the representations and warranties set forth in Exhibit A hereto, each of the representations and warranties of the Company set forth in Section 5 of the Note Purchase Agreement shall be true and correct as of the Closing Date.

(b) The Company shall have performed and complied with all agreements and conditions contained in the Note Purchase Agreement as supplemented by the Third

Supplement and the Security Documents required to be performed or complied with by it prior to or on the Closing Date, and after giving effect to the Note Exchange (and the application of the proceeds thereof as contemplated by Section 5.14 of Exhibit A hereto), no Default or Event of Default shall have occurred and be continuing and no waiver of Default or Event of Default shall be in effect.

(c) The Company shall have delivered to such Purchaser:

(i) an Officer's Certificate, dated the Closing Date, certifying that the conditions specified in Sections 4(a), (b) and (l) have been fulfilled;

(ii) an Officer's Certificate executed by a duly authorized Senior Financial Officer stating that such officer has reviewed the provisions of the Note Purchase Agreement (including this Third Supplement) and setting forth the information and computations (in sufficient detail) required to establish whether after giving effect to the issuance of the Series 2017-B Notes and after giving effect to the application of the proceeds thereof, the Company will be in compliance with the requirements of Sections 10.1, 10.2 and 10.3 of the Note Purchase Agreement on such date; and

(iii) a certificate of its Secretary, Assistant Secretary or other officer, dated the Closing Date, certifying as to the resolutions attached thereto and other limited liability company proceedings relating to the authorization, execution and delivery of the Series 2017-B Notes and this Third Supplement.

(d) Each Security Document shall be in full force and effect and such Purchaser shall have received a duly executed copy thereof. The Company shall have delivered any certificates representing the issued and outstanding Capital Stock pledged under the Security Documents and instruments of assignment executed in blank to the Collateral Agent. Pursuant to the Security Documents, the Collateral Agent, for the equal and ratable benefit of the Purchasers, the other holders of Notes and the Lenders, shall have a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted to be prior pursuant to Section 10.4 of the Note Purchase Agreement). Such Purchaser shall have received the results of a recent Lien search with respect to the Company, and such search shall reveal no Liens on any of the assets of the Company except for Liens permitted by Section 10.4 of the Note Purchase Agreement or discharged on or prior to the Closing Date pursuant to documentation satisfactory to such Purchaser.

(e) Each Purchaser shall have become a party to the Intercreditor Agreement pursuant to a Joinder to Intercreditor Agreement in the form attached thereto.

(f) Such Purchaser shall have received opinions in form and substance satisfactory to such Purchaser, dated the Closing Date (i) from O'Melveny & Myers LLP, counsel for the Company, covering the matters set forth in Exhibit 4(f)(i) to this Third Supplement and covering such other matters incident to the transactions contemplated hereby as such Purchaser or special counsel to the Purchasers may reasonably request

(and the Company hereby instructs its counsel to deliver such opinion to such Purchaser), (ii) from Post & Schell P.C., special Pennsylvania counsel for the Company, covering the matters set forth in Exhibit 4(f)(ii) to this Third Supplement and covering such other matters incident to the transactions contemplated hereby as such Purchaser or special counsel to the Purchasers may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to such Purchaser), (iii) from Wyatt, Tarrant & Combs LLP, special Kentucky counsel for the Company, covering the matters set forth in Exhibit 4(f)(iii) to this Third Supplement and covering such other matters incident to the transactions contemplated hereby as such Purchaser or special counsel to the Purchasers may reasonably request (and the Company hereby instructs its counsel to deliver such opinion to such Purchaser), and (iv) from Schiff Hardin LLP, special counsel to the Purchasers in connection with such transactions, substantially in the form set forth in Exhibit 4(f)(iv) to this Third Supplement and covering such other matters incident to such transactions as such Purchaser may reasonably request.

(g) On the Closing Date, such Purchaser's participation in the Note Exchange shall (i) be permitted by the laws and regulations of each jurisdiction to which such Purchaser is subject, without recourse to provisions (such as Section 1405(a)(8) of the New York Insurance Law) permitting limited investments by insurance companies without restriction as to the character of the particular investment, (ii) not violate any applicable law or regulation (including, without limitation, Regulation T, U or X of the Board of Governors of the Federal Reserve System) and (iii) not subject such Purchaser to any tax, penalty or liability under or pursuant to any applicable law or regulation. If requested by any Purchaser, such Purchaser shall have received an Officer's Certificate certifying as to such matters of fact as such Purchaser may reasonably specify to enable such Purchaser to determine whether such participation in the Note Exchange is so permitted.

(h) Contemporaneously with the Closing, the Company shall issue to each other Purchaser and each other Purchaser shall exchange its Existing Delta Notes for the Series 2017-B Notes to be received by it at the Closing as specified in Schedule A to this Third Supplement.

(i) Without limiting the provisions of Section 15.1 of the Note Purchase Agreement, the Company shall have paid on or before the Closing the reasonable fees, charges and disbursements of special counsel to the Purchasers referred to in Section 4(f)(iv) to the extent reflected in a statement of such counsel rendered to the Company at least two Business Days prior to the date of the Closing.

(j) A Private Placement Number issued by Standard & Poor's CUSIP Service Bureau (in cooperation with the SVO) shall have been obtained for the Series 2017-B Notes.

(k) All consents, authorizations and approvals (including, without limitation, shareholders' consents) from, and all declarations, filings and registrations with, all Governmental Authorities or third parties that are necessary in connection with the Delta Acquisition, the Note Exchange and the other transactions contemplated hereby shall

have been obtained, or made, and remain in full force and effect and final and all periods for appeal and rehearing by third parties have expired and all conditions contained therein which are to be fulfilled prior to the Note Exchange have been fulfilled, free of any term, condition, restriction, imposed liability that is or any other provisions that are materially adverse to the operations and business of the Company or any of its Subsidiaries. Such Purchaser shall have received copies of any such consents, authorizations, declarations, filings and registrations referenced to in the preceding sentence, including without limitation, those issued by federal, Commonwealth of Pennsylvania, State of West Virginia and Commonwealth of Kentucky Governmental Authorities.

(l) The Company shall not have changed its jurisdiction of formation or organization, as applicable, or, except for the Delta Acquisition, been a party to any merger or consolidation or succeeded to all or any substantial part of the liabilities of any other entity, at any time following the date of the most recent financial statements referred to in Schedule 5.5 to this Third Supplement.

(m) Such Purchaser shall have received a copy of letters from at least two Rating Agencies reaffirming that, immediately after giving effect to the issuance of the Series 2017-B Notes and the Delta Acquisition, the Notes (including the Series 2017-B Notes) shall be rated at least the same rating as the Notes were rated immediately prior to such issuance and the Delta Acquisition.

(n) The Note Purchase Agreement shall not have been amended, waived or otherwise modified subsequent to July 14, 2017 except for amendments, waivers or modifications which are reasonably acceptable to such Purchaser.

(o) The Delta Acquisition (i) shall have been consummated (prior to or simultaneously with the Note Exchange hereunder) in all material respects in accordance with the terms of the Delta Acquisition Documentation after giving effect to any modifications, amendments, consents or waivers thereto, other than those modifications, amendments, consents or waivers that are materially adverse to the interests of any Purchaser, which shall not be made without the prior written consent of such Purchaser and (ii) shall constitute a Permitted Acquisition. Such Purchaser shall have received a copy of the Delta Acquisition Documentation, including all amendments or supplements thereto, certified by an officer of the Company to be true and correct and in full force and effect as of the date of the Closing.

(p) The Company shall have delivered to each holder of Series 2010-A Notes, each holder of Series 2013-A Notes and each holder of the Series 2017-A Notes (i) a copy of the Officer's Certificate referenced in clause (c)(ii) above and (ii) the ratings reaffirmation letters referenced in clause (m) above.

(q) The Company shall have paid and the Purchasers shall have received payment in cash of all accrued and unpaid interest on the Existing Delta Notes as of the Closing Date as set forth on Schedule 4(q) attached hereto.

(r) After giving effect to the exchange of the Existing Delta Notes for the Series 2017-B Notes as contemplated hereby, all obligations of Delta under the Note Purchase and Private Shelf Agreement dated as of December 8, 2011 between Delta, on the one hand, and PGIM, Inc. (formerly known as Prudential Investment Management, Inc.), the Purchasers listed in Schedule A attached thereto and each other Prudential Affiliate (as defined therein) party thereto, on the other, (the “*Existing Delta Note Agreement*”), and all notes issued thereunder shall have been discharged, such Existing Delta Note Agreement shall have been terminated and such Purchaser shall have received such evidence as it may reasonably request to demonstrate the satisfaction of the foregoing.

5. The following provisions shall apply to the Series 2017-B Notes:

(a) *Required Prepayments for the Series 2017-B Notes.* As provided therein, the entire unpaid principal balance of the Series 2017-B Notes shall be due and payable on the stated maturity date thereof. Additionally, on December 20, 2017 and on each December 20 thereafter to and including December 20, 2030, the Company will prepay \$1,500,000 principal amount (or such lesser principal amount as shall then be outstanding) of the Series 2017-B Notes at par and without payment of the Make-Whole Amount or any premium.

(b) *Default Rate for the Series 2017-B Notes.* “*Default Rate*” shall mean, with respect to any Series 2017-B Note, that rate of interest that is the greater of (1) 2.00% per annum above the rate of interest stated in clause (a) of the first paragraph of such Series 2017-B Note or (2) 2.00% over the rate of interest publicly announced by JPMorgan Chase Bank, N.A., in New York, New York as its “base” or “prime” rate.

(c) *Make-Whole Amount and Modified Make-Whole Amount for the Series 2017-B Notes.* The terms “*Make-Whole Amount*” and “*Modified Make-Whole Amount*” shall mean, with respect to any Series 2017-B Note, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such Series 2017-B Note over the amount of such Called Principal, *provided* that neither the Make-Whole Amount nor the Modified Make-Whole Amount may in any event be less than zero. For the purposes of determining the Make-Whole Amount and Modified Make-Whole Amount, the following terms have the following meanings:

“*Applicable Percentage*” in the case of a computation of the Modified Make-Whole Amount for purposes of Section 8.8 of the Note Purchase Agreement shall mean 1.00% (100 basis points), and in the case of a computation of the Make-Whole Amount for any other purpose shall mean 0.50% (50 basis points).

“*Called Principal*” shall mean, with respect to any Series 2017-B Note, the principal of such Series 2017-B Note that is to be prepaid pursuant to Section 8.2 or Section 8.8 of the Note Purchase Agreement or has become or is

declared to be immediately due and payable pursuant to Section 12.1 of the Note Purchase Agreement, as the context requires.

“Discounted Value” shall mean, with respect to the Called Principal of any Series 2017-B Note, the amount obtained by discounting all Remaining Scheduled Payments with respect to such Called Principal from their respective scheduled due dates to the Settlement Date with respect to such Called Principal, in accordance with accepted financial practice and at a discount factor (applied on the same periodic basis as that on which interest on such Series 2017-B Note is payable) equal to the Reinvestment Yield with respect to such Called Principal.

“Reinvestment Yield” shall mean, with respect to the Called Principal of any Series 2017-B Note, the Applicable Percentage over the yield to maturity implied by (a) the “Ask-Side(s)” yields reported as of 10:00 a.m. (New York, New York time) on the second Business Day preceding the Settlement Date with respect to such Called Principal on the display designated as “Page PX1” (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury Securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (b) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for U.S. Treasury Securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date.

In the case of each determination under clause (a) or clause (b), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (1) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (2) interpolating linearly between (i) the applicable actively traded on the run U.S. Treasury Security with the maturity closest to and greater than such Remaining Average Life and (ii) the applicable actively traded on the run U.S. Treasury Security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of such Series 2017-B Note.

“Remaining Average Life” shall mean, with respect to any Called Principal of any Series 2017-B Note, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (1) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (2) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

“*Remaining Scheduled Payments*” shall mean, with respect to the Called Principal of any Series 2017-B Note, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date, provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the Series 2017-B Notes, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 8.2, Section 8.8 or Section 12.1 of the Note Purchase Agreement.

“*Settlement Date*” shall mean, with respect to the Called Principal of any Series 2017-B Note, the date on which such Called Principal is to be prepaid pursuant to Section 8.2 or Section 8.8 of the Note Purchase Agreement or has become or is declared to be immediately due and payable pursuant to Section 12.1 of the Note Purchase Agreement, as the context requires.

(d) *Additional Definitions.*

“*Delta*” shall mean Delta Natural Gas Company, Inc., a Kentucky corporation.

“*Delta Acquisition*” shall mean the transactions contemplated by the Delta Acquisition Agreement pursuant to which Drake Merger Sub Inc. will be merged with and into Delta and Delta will be the surviving corporation in the merger and a Wholly-Owned Subsidiary of the Company.

“*Delta Acquisition Agreement*” shall mean the Agreement and Plan of Merger dated as of February 20, 2017 among the Company, Delta and Drake Merger Sub Inc., a Kentucky corporation and a direct, Wholly-Owned Subsidiary of the Company and all schedules, exhibits and annexes thereto.

“*Delta Acquisition Documentation*” shall mean the Delta Acquisition Agreement and all schedules, exhibits and annexes thereto and all side letters and agreements affecting the terms thereof or entered into in connection therewith.

6. Each Purchaser represents and warrants that the representations and warranties set forth in Section 6 of the Note Purchase Agreement are true and correct as of the Closing Date with respect to the participation in the Note Exchange by such Purchaser with the same force and effect as if each reference to “Series 2010-A Notes” contained therein was modified to refer to the “Series 2017-B Notes”.

7. The Company and each Purchaser agree to be bound by and comply with the terms and provisions of the Note Purchase Agreement as supplemented by this Third Supplement as fully and completely as if such Purchaser were an original signatory to the Note Purchase Agreement.

8. All references in the Note Purchase Agreement and all other instruments, documents and agreements relating to, or entered into in connection with the foregoing documents and agreements, to the Note Purchase Agreement shall be deemed to refer to the Note Purchase Agreement, as supplemented by this Third Supplement.

9. Except as expressly supplemented by this Third Supplement, all terms and provisions of the Note Purchase Agreement remain unchanged and continue, unabated, in full force and effect and the Company hereby reaffirms its obligations and liabilities under the Note Purchase Agreement.

10. This Third Supplement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice-of-law principles of the law of such State that would permit the application of the laws of a jurisdiction other than such State.

11. Any provision of this Third Supplement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall (to the full extent permitted by law) not invalidate or render unenforceable such provision in any other jurisdiction.

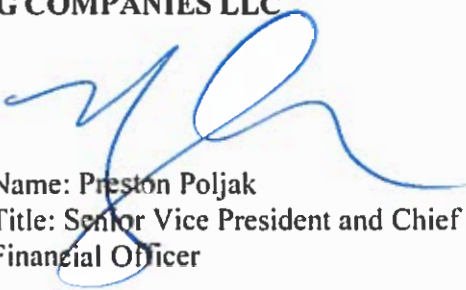
12. All covenants and other agreements contained in this Third Supplement by or on behalf of any of the parties hereto bind and inure to the benefit of their respective successors and assigns (including, without limitation, any subsequent holder of a Note) whether so expressed or not.

13. This Third Supplement may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute one instrument. Each counterpart may consist of a number of copies hereof, each signed by less than all, but together signed by all, of the parties hereto.

The execution hereof shall constitute a contract between the Company and the Purchasers for the uses and purposes hereinabove set forth.

PNG COMPANIES LLC

By



Name: Preston Poljak
Title: Senior Vice President and Chief
Financial Officer

Accepted as of September 20, 2017

**THE GIBRALTAR LIFE INSURANCE CO.,
LTD.**

By: Prudential Investment Management Japan
Co., Ltd., as Investment Manager

By: PGIM, Inc., as Sub-Adviser

By: BL KMP
Vice President

**THE PRUDENTIAL INSURANCE COMPANY
OF AMERICA**

By: BL KMP
Vice President

FORM OF SERIES 2017- B NOTE

PNG COMPANIES LLC

4.26% Series 2017-B Senior Secured Note due December 20, 2031

No. R2017-B _____
\$ _____September 20, 2017
PPN 73020* AH6

FOR VALUE RECEIVED, the undersigned, PNG COMPANIES LLC, a limited liability company organized and existing under the laws of the State of Delaware (herein called the “*Company*”), hereby promises to pay to _____, or registered assigns, the principal sum of _____ DOLLARS (or so much thereof as shall not have been prepaid) on December 20, 2031, with interest (computed on the basis of a 360-day year of twelve 30-day months) (a) on the unpaid balance hereof at the rate of 4.26% per annum from the date hereof, payable quarterly, on the 20th day of March, June, September and December in each year, commencing with the March, June, September or December next succeeding the date hereof, until the principal hereof shall have become due and payable, and (b) to the extent permitted by law, at a rate per annum from time to time equal to the greater of (1) 6.26% or (2) 2.00% over the rate of interest publicly announced by JPMorgan Chase Bank, N.A. from time to time in New York, New York as its “base” or “prime” rate, on any overdue payment of interest and, during the continuance of an Event of Default, on such unpaid balance and on any overdue payment of any Make-Whole Amount, Modified Make-Whole Amount, Change of Control Premium and Breakage Amount payable semiannually as aforesaid (or, at the option of the registered holder hereof, on demand).

Payments of principal of, interest on and any Make-Whole Amount, Modified Make-Whole Amount, Change of Control Premium and Breakage Amount with respect to this Note are to be made in lawful money of the United States of America at the principal offices of JPMorgan Chase Bank, N.A. in New York, New York or at such other place as the Company shall have designated by written notice to the holder of this Note as provided in the Note Purchase Agreement referred to below.

This Note is one of the Series 2017-B Senior Secured Notes (herein called the “*Notes*”) issued pursuant to the Third Supplement dated as of September 20, 2017 (the “*Supplement*”) which supplements that certain Note Purchase Agreement dated as of February 26, 2010 (as amended by that certain First Amendment to Note Purchase Agreement dated as of August 10, 2011, that certain Second Amendment to Note Purchase Agreement dated as of August 22, 2013, that certain First Supplement dated as of December 12, 2013 and that certain Second Supplement dated as of July 14, 2017 and as from time to time further amended, supplemented or otherwise modified, the “*Note Purchase Agreement*”), originally between the Company and the respective Purchasers named therein and is entitled to the benefits of the Note Purchase Agreement. Each holder of this Note will be deemed, by its acceptance hereof, to have (i) agreed to the confidentiality provisions set forth in Section 20 of the Note Purchase Agreement and (ii) made the representation set forth in Section 6.2 of the Note Purchase Agreement. Unless otherwise

EXHIBIT 1(a)

(to Third Supplement to Note Purchase Agreement)

indicated, capitalized terms used in this Note shall have the respective meanings ascribed to such terms in the Note Purchase Agreement.

This Note is a registered Note and, as provided in the Note Purchase Agreement, upon surrender of this Note for registration of transfer, duly endorsed, or accompanied by a written instrument of transfer duly executed, by the registered holder hereof or such holder's attorney duly authorized in writing, a new Note for a like principal amount will be issued to, and registered in the name of, the transferee. Prior to due presentment for registration of transfer, the Company may treat the person in whose name this Note is registered as the owner hereof for the purpose of receiving payment and for all other purposes, and the Company will not be affected by any notice to the contrary.

The Company will make required prepayments of principal on the dates and in the amounts specified in the Supplement. This Note is also subject to optional prepayment, in whole or from time to time in part, at the times and on the terms specified in the Supplement and/or the Note Purchase Agreement, but not otherwise.

If an Event of Default occurs and is continuing, the principal of this Note may be declared or otherwise become due and payable in the manner, at the price (including any applicable Make-Whole Amount) and with the effect provided in the Note Purchase Agreement.

This Note shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of New York excluding choice of law principles of the law of such State that would require the application of the laws of a jurisdiction other than such State.

PNG COMPANIES LLC

By _____
Name: _____
Title: _____