

Parent Guaranty

This PARENT GUARANTY, dated as of January 27, 2017 (“Parent Guaranty”) is made by Puget Energy, Inc., a corporation organized under the laws of Washington (“Guarantor”), in favor of Puget Sound Energy, Inc., a corporation organized under the laws of Washington (“Beneficiary”), on behalf of Puget LNG, LLC, a limited liability company organized under the laws of Washington (“Obligor”).

As required pursuant to that certain Joint Ownership Agreement, dated as of January 27, 2017, by and between Obligor and Beneficiary (the “JOA”), Guarantor hereby unconditionally guarantees the punctual payment and performance when due of: (i) any and all obligations of Obligor to Beneficiary now or hereafter existing from time to time under the JOA (collectively, the “Obligations”); (ii) interest, if any, on such Obligations; and (iii) any and all reasonable expenses incurred by Beneficiary in enforcing its rights under this Parent Guaranty. This is a continuing guaranty of payment and performance, and neither a guaranty of collection nor a suretyship agreement.

Guarantor's liability under this Parent Guaranty shall be unconditional irrespective of: (i) any lack of enforceability of any Obligation; (ii) any change of the time, manner, or place of payment, or any other term of any Obligation; (iii) any exchange, release or non-perfection of any collateral securing payment of any Obligation; (iv) any law, regulation or order of any jurisdiction affecting any term of any Obligation or rights with respect thereto; and (v) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Obligor or a guarantor or surety, including specifically any defense to liability under this Parent Guaranty by virtue of any insolvency, bankruptcy, disability or lack of corporate power of Obligor or Guarantor, or lack of due authorization or execution by Guarantor.

Guarantor hereby waives promptness, diligence, notice of acceptance of this Guaranty, presentment, demand for payment, notices (including notices of nonpayment or default), any right to require a proceeding, notice of dishonor and protest and all suretyship defenses at law or in equity to which it might otherwise be entitled with respect to the Obligations.

This Parent Guaranty shall remain in full force and effect until the performance or discharge or release of all of the obligations of Obligor set forth in the JOA (the “Termination Date”), provided that Guarantor shall not be released from any liability as to any Obligation existing as of the Termination Date or at the time of receipt of any such notice (which shall be deemed to be reinstated with respect to such Obligations). In the event that any payment to the Beneficiary in respect of any Obligations is rescinded or must otherwise be returned for any reason whatsoever (including in the event that such payment is deemed a fraudulent transfer), the Guarantor shall remain liable hereunder with respect to such Obligations as if such payment had not been made. Guarantor's obligations hereunder shall not be subject to any right to set-off, recoupment or counterclaim.

Until such time as all Obligations have been indefeasibly paid, Guarantor shall have no right to assert, enforce, or otherwise exercise any right of subrogation to any of the rights, security interests, claims or liens which Beneficiary may have in respect of the Obligations.

No failure on the part of the Beneficiary to exercise, and no delay in exercising, any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Beneficiary of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power.

Guarantor hereby represents and warrants that: (a) it is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization and has full corporate power to execute, deliver and perform this Parent Guaranty; (b) the execution, delivery and performance of this Parent Guaranty by it have been and remain duly authorized by all necessary corporate action and do not contravene any provision of its certificate of incorporation, by-laws, or other organizational documents, as amended to date, or any law, regulation, rule, decree, order, judgment or contractual restriction binding on it or its assets; (c) all consents, licenses, clearances, authorizations and approvals of, and registrations and declarations with, any governmental authority or regulatory body necessary for the due execution, delivery and performance by it of this Parent Guaranty have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority or regulatory body is required in connection with the execution, delivery or performance by it of this Parent Guaranty; and (d) this Parent Guaranty constitutes a legal, valid and binding obligation of it enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

THIS PARENT GUARANTY SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF WASHINGTON (WITHOUT REGARD TO WASHINGTON STATUTES OR PRINCIPLES RELATING TO CONFLICTS OF LAWS), AND IS INTENDED TO BE PERFORMED IN ACCORDANCE WITH AND TO THE EXTENT PERMITTED BY SUCH LAWS.

Any notice or other communication required or permitted under this Parent Guaranty shall be in writing and shall be deemed duly given if provided in writing and (a) personally delivered; (b) sent via email; (c) sent via first-class certified mail, return receipt requested, postage prepaid; or (d) sent via a nationally-recognized overnight courier service to the Parties, as follows:

If to Guarantor: Puget Energy, Inc.
10885 NE 4th Street
Bellevue, WA 98004
Attn: Daniel A. Doyle
Email: dan.doyle@pse.com
Telephone: 425-462-3466

If to Beneficiary: Puget LNG, LLC
10885 NE 4th Street
Bellevue, WA 98004
Attn: Roger Garratt
Email: roger.garratt@pse.com
Telephone: 425-462-3470

If any provision of this Parent Guaranty, or the application thereof to any person or circumstances, shall for any reason and to any extent be invalid or unenforceable, neither the remainder of this Parent Guaranty nor the application of such provision to any other person or circumstances shall be affected thereby, but shall be enforced to the fullest extent permitted by applicable law.

This Parent Guaranty shall inure to the benefit of Beneficiary and shall not be assignable by Guarantor without Beneficiary's express written consent, and may be modified only by a written instrument signed by both Guarantor and Beneficiary. Beneficiary may, without the consent of the Guarantor, assign its rights, interests and obligations hereunder to an affiliate or to an assignee or transferee to which it has transferred its interests and obligations under the JOA.

Signature Page Follows

The undersigned, intending to be legally bound hereby, has executed this Parent Guaranty as of the date first above written.

PUGET ENERGY, INC.

By:

A handwritten signature in black ink, appearing to read "Daniel A. Doyle", written over a horizontal line.

Name: Daniel A. Doyle

Title: Senior Vice President and Chief Financial Officer