UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to_____

Commission File Number: 001-38790

New Fortress Energy LLC

(Exact Name of Registrant as Specified in its Charter)

Delaware	**83-1482060**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
111 W. 19th Street, 8th Floor **New York, NY**	**10011**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (516) 268-7400

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A shares, representing limited liability company interests	**"NFE"**	**NASDAQ Global Select Market**

As of July 30, 2020, the registrant had 168,706,396 Class A shares outstanding.

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GLOSSARY OF TERMS

As commonly used in the liquefied natural gas industry, to the extent applicable and as used in this Quarterly Report on Form 10-Q ("Quarterly Report"), the terms listed below have the following meanings:

Btu	the amount of heat required to raise the temperature of one avoirdupois pound of pure water from 59 degrees Fahrenheit to 60 degrees Fahrenheit at an absolute pressure of 14.696 pounds per square inch gage
CAA	Clean Air Act
CERCLA	Comprehensive Environmental Response, Compensation and Liability Act
CWA	Clean Water Act
DOE	U.S. Department of Energy
FERC	Federal Energy Regulatory Commission
GAAP	generally accepted accounting principles in the United States
GHG	greenhouse gases
GSA	gas sales agreement
Henry Hub	a natural gas pipeline located in Erath, Louisiana that serves as the official delivery location for futures contracts on the New York Mercantile Exchange
ISO container	International Organization of Standardization, an intermodal container
LNG	natural gas in its liquid state at or below its boiling point at or near atmospheric pressure
MMBtu	one million Btus, which corresponds to approximately 12.1 LNG gallons
MW	megawatt. We estimate 2,500 LNG gallons would be required to produce one megawatt
NGA	Natural Gas Act of 1938, as amended
non-FTA countries	countries without a free trade agreement with the United States providing for national treatment for trade in natural gas and with which trade is permitted
OPA	Oil Pollution Act
OUR	Office of Utilities Regulation (Jamaica)
PHMSA	Pipeline and Hazardous Materials Safety Administration
PPA	power purchase agreement
SSA	steam supply agreement
TBtu	one trillion Btus, which corresponds to approximately 12,100,000 LNG gallons

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

This Quarterly Report contains forward-looking statements regarding, among other things, our plans, strategies, prospects and projections, both business and financial. All statements contained in this Quarterly Report other than historical information are forward-looking statements that involve known and unknown risks and relate to future events, our future financial performance or our projected business results. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” “targets,” “potential” or “continue” or the negative of these terms or other comparable terminology. Such forward-looking statements are necessarily estimates based upon current information and involve a number of risks and uncertainties. Actual events or results may differ materially from the results anticipated in these forward-looking statements as a result of a variety of factors. While it is impossible to identify all such factors, factors that could cause actual results to differ materially from those estimated by us include:

- our limited operating history;
- loss of one or more of our customers;
- inability to procure LNG on a fixed-price basis, or otherwise to manage LNG price risks, including hedging arrangements;
- the completion of construction on our LNG terminals, power plants or Liquefaction Facilities (as defined herein) and the terms of our construction contracts for the completion of these assets;
- cost overruns and delays in the completion of one or more of our LNG terminals, power plants or Liquefaction Facilities, as well as difficulties in obtaining sufficient financing to pay for such costs and delays;
- our ability to obtain additional financing to effect our strategy;
- failure to produce or purchase sufficient amounts of LNG or natural gas at favorable prices to meet customer demand;
- hurricanes or other natural or manmade disasters;
- impacts of the COVID-19 pandemic on our or our customers’ demand or customers' or suppliers’ operations and financial status;
- failure to obtain and maintain approvals and permits from governmental and regulatory agencies;
- operational, regulatory, environmental, political, legal and economic risks pertaining to the construction and operation of our facilities;
- inability to contract with suppliers and tankers to facilitate the delivery of LNG on their chartered LNG tankers;
- cyclical or other changes in the demand for and price of LNG and natural gas and alternative fuels including oil-based fuels;
- failure of natural gas to be a competitive source of energy in the markets in which we operate, and seek to operate;
- competition from third parties in our business;
- inability to re-finance our outstanding indebtedness or implement our financing plans;
- changes to environmental and similar laws and governmental regulations that are adverse to our operations;
- inability to enter into favorable agreements and obtain necessary regulatory approvals;
- the tax treatment of us or of an investment in our Class A shares;
- a major health and safety incident relating to our business;

- increased labor costs, and the unavailability of skilled workers or our failure to attract and retain qualified personnel;

- risks related to the jurisdictions in which we do, or seek to do, business, particularly Florida, Puerto Rico, Jamaica, Angola, Nicaragua and other jurisdictions in the Caribbean; and

- our inability to forecast the anticipated benefits of converting from a limited liability company to a corporation.

All forward-looking statements speak only as of the date of this Quarterly Report. When considering forward-looking statements, you should keep in mind the risks set forth under “Item 1A. Risk Factors” and other cautionary statements included in our Annual Report on Form 10-K for the year ended December 31, 2019 (our “Annual Report”), this Quarterly Report and in our other filings with the Securities and Exchange Commission (the “SEC”). The cautionary statements referred to in this section also should be considered in connection with any subsequent written or oral forward-looking statements that may be issued by us or persons acting on our behalf. We undertake no duty to update these forward-looking statements, even though our situation may change in the future. Furthermore, we cannot guarantee future results, events, levels of activity, performance, projections or achievements.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

New Fortress Energy LLC
Condensed Consolidated Balance Sheets
As of June 30, 2020 and December 31, 2019
(Unaudited, in thousands of U.S. dollars, except share amounts)

	June 30, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	$ 167,316	$ 27,098
Restricted cash	32,946	30,966
Receivables, net of allowances of $0 and $0, respectively	65,069	49,890
Inventory	50,885	63,432
Prepaid expenses and other current assets	28,941	39,734
Total current assets	345,157	211,120
Restricted cash	23,131	34,971
Construction in progress	346,951	466,587
Property, plant and equipment, net	475,198	192,222
Right-of-use assets	106,993	-
Intangible assets, net	42,931	43,540
Finance leases, net	915	91,174
Investment in equity securities	323	2,540
Deferred tax assets, net	2,744	34
Other non-current assets	77,170	81,626
Total assets	$ 1,421,513	$ 1,123,814
Liabilities		
Current liabilities		
Accounts payable	$ 24,854	$ 11,593
Accrued liabilities	165,292	54,943
Current lease liabilities	26,835	-
Due to affiliates	6,586	10,252
Other current liabilities	26,134	25,475
Total current liabilities	249,701	102,263
Long-term debt	950,238	619,057
Non-current lease liabilities	57,166	-
Deferred tax liabilities, net	20	241
Other long-term liabilities	14,314	14,929
Total liabilities	1,271,439	736,490
Commitments and contingences (Note 18)		
Stockholders' equity		
Class A shares, 169,174,104 shares issued and 168,587,346 outstanding as of June 30, 2020; 23,607,096 shares issued and outstanding as of December 31, 2019	341,675	130,658
Treasury shares, 586,758 shares as of June 30, 2020, at cost; 0 shares at December 31, 2019, at cost	(6,172)	-
Class B shares, 0 shares issued and outstanding as of June 30, 2020; 144,342,572 shares, issued and outstanding as of December 31, 2019	-	-
Accumulated deficit	(192,852)	(45,823)
Accumulated other comprehensive income (loss)	352	(30)
Total stockholders' equity attributable to NFE	143,003	84,805
Non-controlling interest	7,071	302,519
Total stockholders' equity	150,074	387,324
Total liabilities and stockholders' equity	$ 1,421,513	$ 1,123,814

The accompanying notes are an integral part of these condensed consolidated financial statements.

New Fortress Energy LLC
Condensed Consolidated Statements of Operations and Comprehensive Loss
For the three and six months ended June 30, 2020 and 2019
(Unaudited, in thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Revenues				
Operating revenue	$ 76,177	$ 31,738	$ 139,679	$ 57,876
Other revenue	18,389	8,028	29,417	11,841
Total revenues	94,566	39,766	169,096	69,717
Operating expenses				
Cost of sales	69,899	44,043	138,115	77,392
Operations and maintenance	9,500	5,403	17,983	9,902
Selling, general and administrative	31,846	32,169	60,216	81,918
Contract termination charges and loss on mitigation sales	123,906	-	124,114	-
Depreciation and amortization	7,620	2,110	12,874	3,801
Total operating expenses	242,771	83,725	353,302	173,013
Operating loss	(148,205)	(43,959)	(184,206)	(103,296)
Interest expense	17,198	6,199	31,088	9,483
Other expense (income), net	999	920	1,610	(1,655)
Loss on extinguishment of debt, net	-	-	9,557	-
Loss before taxes	(166,402)	(51,078)	(226,461)	(111,124)
Tax expense	117	155	113	401
Net loss	(166,519)	(51,233)	(226,574)	(111,525)
Net loss attributable to non-controlling interest	29,094	45,047	80,851	91,782
Net loss attributable to stockholders	$ (137,425)	$ (6,186)	$ (145,723)	$ (19,743)
Net loss per share – basic and diluted	$ (2.40)	$ (0.28)	$ (3.49)	$ (1.09)
Weighted average number of shares outstanding – basic and diluted	57,341,215	22,114,002	41,771,849	18,154,939
Other comprehensive loss:				
Net loss	$ (166,519)	$ (51,233)	$ (226,574)	$ (111,525)
Unrealized gain on currency translation adjustment	(520)	-	(151)	-
Comprehensive loss	(165,999)	(51,233)	(226,423)	(111,525)
Comprehensive loss attributable to non-controlling interest	29,009	45,047	81,082	91,782
Comprehensive loss attributable to stockholders	$ (136,990)	$ (6,186)	$ (145,341)	$ (19,743)

The accompanying notes are an integral part of these condensed consolidated financial statements.

New Fortress Energy LLC
Condensed Consolidated Statements of Changes in Stockholders' Equity
For the three and six months ended June 30, 2020 and 2019
(Unaudited, in thousands of U.S. dollars, except share amounts)

	Members' Capital		Class A shares		Class B shares		Treasury shares		Accumulated deficit	Accumulated other comprehensive (loss) income	Non-controlling Interest	Total stockholders' equity
	Units	Amounts	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2019	-	$ -	23,607,096	$ 130,658	144,342,572	$ -	-	$ -	$ (45,823)	$ (30)	$ 302,519	$ 387,324
Cumulative effect of accounting change (ASC 842)	-	-	-	-	-	-	-	-	(1,306)	-	(7,779)	(9,085)
Net loss	-	-	-	-	-	-	-	-	(8,298)	-	(51,757)	(60,055)
Other comprehensive loss	-	-	-	-	-	-	-	-	-	(53)	(316)	(369)
Share-based compensation expense	-	-	-	2,508	-	-	-	-	-	-	-	2,508
Issuance of shares for vested RSUs	-	-	1,212,907	-	-	-	-	-	-	-	-	-
Shares withheld from employees related to share-based compensation, at cost	-	-	-	-	-	-	(583,508)	(6,132)	-	-	-	(6,132)
Balance as of March 31, 2020	-	$ -	24,820,003	$ 133,166	144,342,572	$ -	(583,508)	$ (6,132)	$ (55,427)	$ (83)	$ 242,667	$ 314,191
Net loss	-	-	-	-	-	-	-	-	(137,425)	-	(29,094)	(166,519)
Other comprehensive income	-	-	-	-	-	-	-	-	-	435	85	520
Share-based compensation expense	-	-	-	1,922	-	-	-	-	-	-	-	1,922
Issuance of shares for vested RSUs	-	-	11,529	-	-	-	-	-	-	-	-	-
Shares withheld from employees related to share-based compensation, at cost	-	-	-	-	-	-	(3,250)	(40)	-	-	-	(40)
Exchange of NFI units	-	-	144,342,572	206,587	(144,342,572)	-	-	-	-	-	(206,587)	-
Balance as of June 30, 2020	-	$ -	169,174,104	$ 341,675	-	$ -	(586,758)	$ (6,172)	$ (192,852)	$ 352	$ 7,071	$ 150,074

	Members' Capital		Class A shares		Class B shares		Treasury shares		Accumulated deficit	Accumulated other comprehensive (loss) income	Non-controlling Interest	Total stockholders' equity
	Units	Amounts	Shares	Amount	Shares	Amount	Shares	Amount				
Balance as of December 31, 2018	67,983,095	$ 426,741	-	$ -	-	$ -	-	$ -	$ (158,423)	$ (11)	$ 14,340	$ 282,647
Activity prior to the IPO and related organizational transactions:												
Net loss	-	-	-	-	-	-	-	-	(7,923)	11	(91)	(8,003)
Effects of the IPO and related organizational transactions:												
Issuance of Class A shares in the IPO, net of underwriting discount and offering costs	-	-	20,837,272	32,136	-	-	-	-	-	-	235,874	268,010
Effects of the reorganization transactions	(67,983,095)	(426,741)	-	51,092	147,058,824	-	-	-	146,420	-	229,229	-
Activity subsequent to the IPO and related organizational transactions:												
Net loss	-	-	-	-	-	-	-	-	(5,645)	-	(46,644)	(52,289)
Share-based compensation expense	-	-	-	19,037	-	-	-	-	-	-	-	19,037
Balance as of March 31, 2019	-	$ -	20,837,272	$ 102,265	147,058,824	$ -	-	$ -	$ (25,571)	$ -	$ 432,708	$ 509,402
Net loss	-	-	-	-	-	-	-	-	(6,186)	-	(45,047)	(51,233)
Share-based compensation expense	-	-	-	8,971	-	-	-	-	-	-	-	8,971
Balance as of June 30, 2019	-	$ -	20,837,272	$ 111,236	147,058,824	$ -	-	$ -	$ (31,757)	$ -	$ 387,661	$ 467,140

The accompanying notes are an integral part of these condensed consolidated financial statements.

New Fortress Energy LLC
Condensed Consolidated Statements of Cash Flows
For the six months ended June 30, 2020 and 2019
(Unaudited, in thousands of U.S. dollars)

	Six Months Ended June 30,	
	2020	**2019**
Cash flows from operating activities		
Net loss	$ (226,574)	$ (111,525)
Adjustments for:		
Amortization of deferred financing costs	6,965	2,589
Depreciation and amortization	13,324	4,106
Contract termination charges and loss on mitigation sales	124,114	-
Loss on extinguishment of debt, net	9,557	-
Deferred taxes	15	379
Change in value of Investment in equity securities	2,217	802
Share-based compensation	4,430	28,008
Other	907	232
(Increase) in receivables	(9,214)	(15,211)
(Increase) in inventories	(4,794)	(3,664)
(Increase) in other assets	(9,446)	(6,865)
Decrease in right-of-use assets	17,781	-
Increase in accounts payable/accrued liabilities	13,655	2,553
(Decrease) Increase in amounts due to affiliates	(3,666)	1,848
(Decrease) in lease liabilities	(19,873)	-
Increase in other liabilities	279	4,680
Net cash used in operating activities	(80,323)	(92,068)
Cash flows from investing activities		
Capital expenditures	(95,422)	(232,348)
Principal payments received on finance lease, net	78	471
Net cash used in investing activities	(95,344)	(231,877)
Cash flows from financing activities		
Proceeds from borrowings of debt	832,144	220,000
Payment of deferred financing costs	(13,600)	(4,400)
Repayment of debt	(506,402)	(2,500)
Proceeds from IPO	-	274,948
Payments related to tax withholdings for share-based compensation	(6,117)	-
Payment of offering costs	-	(6,938)
Net cash provided by financing activities	306,025	481,110
Net increase in cash, cash equivalents and restricted cash	130,358	157,165
Cash, cash equivalents and restricted cash – beginning of period	93,035	100,853
Cash, cash equivalents and restricted cash – end of period	$ 223,393	$ 258,018
Supplemental disclosure of non-cash investing and financing activities:		
Changes in accounts payable and accrued liabilities associated with construction in progress and property, plant and equipment additions	$ (3,084)	$ (54,888)

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Organization

New Fortress Energy LLC ("NFE," together with its subsidiaries, the "Company") is a Delaware limited liability company formed by New Fortress Energy Holdings LLC ("New Fortress Energy Holdings") on August 6, 2018. The Company is a global integrated gas-to-power infrastructure company that seeks to use natural gas to satisfy the world's large and growing power needs and is engaged in providing energy and logistical services to end-users worldwide seeking to convert their operating assets from diesel or heavy fuel oil to LNG. The Company currently sources LNG from a combination of its own liquefaction facility in Miami, Florida and purchases on the open market. The Company has liquefaction, regasification and power generation operations in the United States and Jamaica.

The Company manages, analyzes and reports on its business and results of operations on the basis of one operating segment. The chief operating decision maker makes resource allocation decisions and assesses performance based on financial information presented on a consolidated basis.

2. Significant accounting policies

The principle accounting policies adopted are set out below.

(a) Basis of presentation and principles of consolidation

The accompanying unaudited interim condensed consolidated financial statements contained herein were prepared in accordance with GAAP and reflect all normal and recurring adjustments which are, in the opinion of management, necessary to provide a fair statement of the financial position, results of operations and cash flows of the Company for the interim periods presented. The condensed consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned consolidated subsidiaries. The ownership interest of other investors in consolidated subsidiaries is recorded as a non-controlling interest. All significant intercompany transactions and balances have been eliminated on consolidation. These condensed consolidated financial statements and accompanying notes should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes included in its Annual Report on Form 10-K for the year ended December 31, 2019.

On February 4, 2019, the Company completed an initial public offering ("IPO") and a series of other transactions, in which the Company issued and sold 20,000,000 Class A shares at an IPO price of $14.00 per share. The Company's Class A shares began trading on NASDAQ Global Select Market ("NASDAQ") under the symbol "NFE" on January 31, 2019. Net proceeds from the IPO were $257.0 million, after deducting underwriting discounts and commissions and transaction costs. These proceeds were contributed to New Fortress Intermediate LLC ("NFI"), an entity formed in conjunction with the IPO, in exchange for 20,000,000 limited liability company units in NFI ("NFI LLC Units"). In addition, New Fortress Energy Holdings contributed all of its interests in consolidated subsidiaries that comprised substantially all of its historical operations to NFI in exchange for NFI LLC Units. In connection with the IPO, New Fortress Energy Holdings also received 147,058,824 Class B shares of the Company, which is equal to the number of NFI LLC Units held by New Fortress Energy Holdings immediately following the IPO. New Fortress Energy Holdings retained a significant interest in NFE through its ownership of 147,058,824 Class B shares, representing a 88.0% voting and non-economic interest. New Fortress Energy Holdings also had an 88.0% economic interest in NFI through its ownership of 147,058,824 of NFI LLC Units. New Fortress Energy Holdings has been determined to be NFE's predecessor for accounting purposes.

On March 1, 2019, the underwriters of the IPO exercised their option to purchase an additional 837,272 Class A shares at the IPO price of $14.00 per share, less underwriting discounts, which resulted in $11.0 million in additional net proceeds after deducting $0.7 million of underwriting discounts and commissions, such that there were 20,837,272 outstanding Class A shares. In connection with the exercise of the underwriters' option to purchase an additional 837,272 Class A shares, NFE contributed such additional net proceeds to NFI in exchange for 837,272 NFI LLC Units.

NFE is a holding company whose sole material asset is a controlling equity interest in NFI. As the sole managing member of NFI, NFE operates and controls all of the business and affairs of NFI, and through NFI and its subsidiaries, conducts the Company's historical business. The contribution of the assets of New Fortress Energy Holdings and net proceeds from the IPO to NFI was treated as a reorganization of entities under common control. As a result, NFE presented the condensed consolidated balances sheets and statements of operations and comprehensive loss of New Fortress Energy Holdings for all periods prior to the IPO.

On June 3, 2020, the Company entered into a mutual agreement (the "Mutual Agreement") with the members holding the majority voting interest in New Fortress Energy Holdings ("Exchanging Members") and NFE Sub LLC (a wholly-owned subsidiary of the Company). Pursuant to the Mutual Agreement, the Exchanging Members agreed to deliver a block redemption notice in accordance with the Amended and Restated Limited Liability Company Agreement of New Fortress Intermediate LLC (the "NFI LLCA") with respect to all of the NFI LLC Units, together with an equal number of Class B shares of the Company, that such Exchanging Members indirectly own as members of New Fortress Energy Holdings. Pursuant to the Mutual Agreement, the Company agreed to exercise the Call Right (as defined in the NFI LLCA), pursuant to which the Company would acquire such NFI LLC Units and such Class B shares in exchange for Class A shares of the Company (the "Exchange Transactions"). The Exchange Transactions were completed on June 10, 2020. In connection with the closing of the Exchange Transactions, the Company issued 144,342,572 Class A shares in exchange for an equal number of NFI LLC Units, together with an equal number of Class B shares of the Company. Following the completion of the Exchange Transactions, the Company owns all of the NFI LLC Units directly or indirectly and no Class B shares remain outstanding. As of June 30, 2020, NFE has 168,587,346 Class A shares outstanding.

Prior to the Exchange Transactions, the Company recognized the Exchanging Members' economic interest in NFI as non-controlling interest in the Company's condensed consolidated financial statements. Results of operations for the period prior to the date of the Exchange Transactions, June 10, 2020, was attributed to non-controlling interest based on the Exchanging Members' interest in NFI; subsequent to the Exchange Transactions, results of operations, excluding results attributable to other investors in non-wholly owned subsidiaries, were recognized as net income or loss attributable to stockholders. Amounts that were attributable to these Exchanging Members' prior interest in NFI previously shown as non-controlling interest on the Company's consolidated balance sheets have been reclassified to Class A shares.

(b) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include relative fair value allocation between revenue and lease components of contracts with customers, total consideration and fair value of identifiable net assets related to acquisitions and the fair value of equity awards granted to both employees and non-employees. Management evaluates its estimates and related assumptions regularly. Changes in facts and circumstances or additional information may result in revised estimates, and actual results may differ from these estimates.

(c) Legal and contingencies

The Company may be involved in legal actions in the ordinary course of business, including governmental and administrative investigations, inquiries and proceedings concerning employment, labor, environmental and other claims. The Company will recognize a loss contingency in the condensed consolidated financial statements when it is probable a liability has been incurred and the amount of the loss can be reasonably estimated. The Company will disclose any loss contingencies that do not meet both conditions if there is a reasonable possibility that a loss may have been incurred. Gain contingencies are not recorded until they are realized.

(d) Revenue recognition

The Company's contracts with customers may contain one or several performance obligations usually consisting of the sale of LNG, natural gas, and beginning in the first quarter of 2020, power and steam which are outputs from the Company's natural gas-fueled infrastructure. The transaction price for each of these contracts is structured using similar inputs and factors regardless of the output delivered to the customer. The customers consume the benefit of the natural gas, power and steam when they are delivered by the Company to the customer's power generation facilities or interconnection facility. Natural gas, power and steam qualify as a series with revenue being recognized over time using an output method, based on the quantity of natural gas, power, or steam that the customer has consumed. LNG is typically delivered in containers transported by truck to customer sites. Revenue from sales of LNG delivered by truck is recognized at the point in time at which physical possession and the risks and rewards of ownership transfer to the customer, either when the containers are shipped or delivered to the customers' storage facilities, depending on the terms of the contract. Because the nature, timing and uncertainty of revenue and cash flows are substantially the same for LNG, natural gas, power and steam, the Company has presented Operating revenue on an aggregated basis.

The Company has concluded that variable consideration included in its agreements meets the exception for allocating variable consideration. As such, the variable consideration for these contracts is allocated to each distinct unit of LNG, natural gas, power or steam delivered and recognized when that distinct unit is delivered to the customer.

The Company's contracts with customers to supply natural gas or LNG may contain a lease of equipment. The Company allocates consideration received from customers between lease and non-lease components based on the relative fair value of each component. The fair value of the lease component is estimated based on the estimated standalone selling price of the same or similar equipment leased to the customer. The Company estimates the fair value of the non-lease component by forecasting volumes and pricing of gas to be delivered to the customer over the lease term.

The leases of certain facilities and equipment to customers are accounted for as financing or operating leases. The current and non-current portion of financing leases are recorded within Prepaid expenses and other current assets and Finance leases, net on the condensed consolidated balance sheets, respectively. The lease payments for finance leases are segregated into principal and interest components similar to a loan. Interest income is recognized on an effective interest method over the lease term and included in Other revenue in the condensed consolidated statements of operations and comprehensive loss. The principal component of the lease payment is reflected as a reduction to the net investment in the lease. For the Company's operating leases, the amount allocated to the leasing component is recognized over the lease term as Other revenue in the condensed consolidated statements of operations and comprehensive loss.

In addition to the revenue recognized from the leasing components of agreements with customers, Other revenue includes revenue recognized from the construction, installation and commissioning of equipment, inclusive of natural gas used in the commissioning process, to transform customers' facilities to operate utilizing natural gas or to allow customers to receive power or other outputs from our natural gas-fueled power generation facilities. Revenue from these development services is recognized over time as the Company transfers control of the asset to the customer or based on the quantity of natural gas consumed as part of commissioning the customer's facilities. If the customer is not able to obtain control over the asset under construction until such services are completed, revenue is recognized when the services are completed and the customer has control of the infrastructure. Such agreements may also include a significant financing component, and the Company recognizes revenue for the interest income component over the term of the financing as Other revenue.

Shipping and handling costs are not considered to be separate performance obligations. These costs are recognized in the period in which the costs are incurred and presented within Cost of sales in the condensed consolidated statements of operations and comprehensive loss. All such shipping and handling activities are performed prior to the customer obtaining control of the LNG or natural gas.

The Company collects sales taxes from its customers based on sales of taxable products and remits such collections to the appropriate taxing authority. The Company has elected to present sales tax collections in the condensed consolidated statements of operations and comprehensive loss on a net basis and, accordingly, such taxes are excluded from reported revenues.

The Company elected the practical expedient under which the Company does not adjust consideration for the effects of a significant financing component for those contracts where the Company expects at contract inception that the period between transferring goods to the customer and receiving payment from the customer will be one year or less.

(e) Contract termination charges and loss on mitigation sales

The Company has long-term supply agreements to purchase LNG, and the Company may incur termination charges to the extent that the Company cancels such contractual arrangements. Further, if the Company is unable to take physical possession of a portion of the contracted quantity of LNG due to capacity limitations, the supplier will attempt to sell the undelivered quantity through a mitigation sale. The Company may incur a loss on a mitigation sale if the cargo is unable to be sold for a price greater than the contracted price. These costs are included in a separate line in the condensed consolidated statements of operations and comprehensive loss because such costs are not related to inventory delivered to the Company's customers.

During the three and six months ended June 30, 2020, the Company recognized a termination charge of $105,000 associated with an agreement with one of the Company's LNG suppliers to terminate the obligation to purchase any LNG from this supplier for the remainder of 2020 in exchange for a cancellation fee of $105,000. Loss on mitigation sales of $18,906 and $19,114 were recognized in the three and six months ended June 30, 2020, respectively.

3. Adoption of new and revised standards

As an "emerging growth company," the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are made applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act. The adoption dates discussed below reflect this election.

(a) New standards, amendments and interpretations issued but not effective for the financial year beginning January 1, 2020:

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Disclosure Framework – Measurement of Credit Losses on Financial Instruments* ("ASU 2016-13"), which requires financial assets measured at amortized cost basis, including trade receivables, to be presented net of the amount expected to be collected. The measurement of all expected credit losses will be based on historical experience, current conditions, and reasonable and supportable forecasts. In October 2019, the FASB voted to approve a proposal to defer the effective date of ASC 2016-13 for certain entities, including emerging growth companies that take advantage of the extended transition period, to fiscal years beginning after December 15, 2022, and early adoption is permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and timing of adoption.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes* ("ASU 2019-12"), which simplifies the accounting for income taxes, including removing certain exceptions related to the general principles in ASU 740, *Income Taxes*. It also clarifies and simplifies other aspects of the accounting for income taxes. The new standard is effective for interim and annual periods beginning after December 15, 2021, and early adoption is permitted. The Company is currently evaluating the impact of adopting this new guidance on its consolidated financial statements and timing of adoption.

(b) New and amended standards adopted by the Company:

On February 25, 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASC 842"), which amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheet and making targeted changes to lessor accounting. The recognition, measurement and presentation of expenses and cash flows arising from a lease by a lessee will depend primarily on the lease's classification as a finance or operating lease. However, unlike ASC 840, which required only capital leases to be recognized on the balance sheet, ASC 842 requires most leases to be recognized on the balance sheet as a right-of-use ("ROU") asset and a lease liability.

The Company has entered into lease agreements for the use of LNG vessels, marine port space, office space, land and equipment, all of which are operating leases. ROU assets recognized for these leases represent the Company's right to use an underlying asset for the lease term, and the lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of fixed lease payments over the lease term. The incremental borrowing rate used to calculate the present value of lease payments is determined using existing credit rates of unsecured borrowings adjusted for collateral, which are then adjusted for the appropriate lease term and currency.

The Company adopted ASC 842 effective January 1, 2020 and elected to apply the modified retrospective transition method at the beginning of the period of adoption, which allowed the Company to begin recognizing and measuring leases under ASC 842 at January 1, 2020, without modifying the comparative period financial statements. Upon adoption of ASC 842, the Company recorded ROU assets and corresponding lease liabilities of $124,774 and $103,874, respectively.

The Company did not elect the package of practical expedients and therefore, as part of transition, the Company reassessed the previous conclusions made under ASC 840 related to the identification of leases, classification of leases and initial direct costs based on the standards of ASC 842. In connection with the reassessment of previous conclusions, the Company determined that the direct financing lease recognized related to the Montego Bay Terminal is no longer a lease under ASC 842. The Company recognized a transition adjustment that removed the unamortized net investment in the direct financing lease and recognized the underlying assets as Property, plant and equipment net of depreciation that would have been recognized since the commissioning of the Montego Bay Terminal, with the difference of approximately $9,085, net of taxes of $2,945, recorded as an adjustment to retained earnings. Beginning in 2020, the Company will recognize payments previously allocated to the leasing component of the gas sales agreement with this customer within Operating revenue in the condensed consolidated statements of operations and comprehensive loss. Under ASC 840, amounts allocated to the leasing component had been recognized on an effective interest method over the lease term with only the portion representing interest income recognized as Other revenue.

The Company made an accounting policy election to exclude leases with terms of 12 months or less from ROU assets and lease liabilities on the balance sheet, and short-term lease payments are recognized on a straight-line basis over the lease term. Variable payments under short-term leases are recognized in the period in which the obligation that triggers the variable payment becomes probable. The Company, as lessee, has also elected the practical expedient not to separate lease and non-lease components for marine port space, office space, land and equipment leases. The Company will separate the lease and non-lease components for LNG vessel leases. The allocation of lease payments between lease and non-lease components has been determined based on the relative fair value of each component. The fair value of the lease component is estimated based on the estimated standalone price to lease a bareboat LNG vessel. The fair value of the non-lease component is estimated based on the estimated standalone price of operating the respective vessel, inclusive of the costs of the crew and other operating costs.

The Company, as lessor, will continue to separate lease and non-lease components for the equipment leases provided in connection with agreements for the sale of LNG or natural gas to customers.

The Company has elected the land easement practical expedient, which allows the Company to continue to account for pre-existing land easements as intangible assets under the accounting policy that existed before adoption of ASC 842.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement* ("ASU 2018-13"), which provides additional guidance to improve the effectiveness of disclosure requirements on fair value measurement. The Company has adopted ASU 2018-13 for the year beginning January 1, 2020. As this guidance is only related to qualitative financial disclosures, it did not have a material impact on the Company's condensed consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*, which requires a customer in a cloud computing arrangement that is a service contract to follow the internal-use software guidance in ASC 350-40 to determine which implementation costs to capitalize as assets. A customer's accounting for the costs of the hosting component of the arrangement is not affected by the new guidance. The Company has early adopted ASU 2018-15 for the year beginning January 1, 2020, using the prospective transition approach. This approach did not require any adjustment to comparative financial statements. The Company did not capitalize a material amount of implementation costs as a result of adopting this guidance in the three or six months ended June 30, 2020, and the adoption did not result in material impact on the Company's condensed consolidated financial statements.

4. Revenue from contracts with customers

Under most customer contracts, invoicing occurs once the Company's performance obligations have been satisfied, at which point payment is unconditional. As of June 30, 2020 and December 31, 2019, receivables related to revenue from contracts with customers totaled $44,704 and $30,563, respectively, and were included in "Receivables, net" on the condensed consolidated balance sheets, net of the allowance for doubtful accounts. Other items included in Receivables, net not related to revenue from contracts with customers represent receivables associated with reimbursable costs, recoverable taxes and leases which are accounted for outside the scope of ASC 606.

The Company has recognized a contract liability, comprised of unconditional payments due or paid under the contract with a customer prior to the Company's satisfaction of the related performance obligations. The performance obligations are expected to be satisfied during the next 12 months, and the contract liability is classified within Other current liabilities on the condensed consolidated balance sheets. Contract assets are comprised of the transaction price allocated to completed performance obligations that will be billed to customers in subsequent periods. The contract liability and contract assets balances as of June 30, 2020 and December 31, 2019 are detailed below:

	June 30, 2020	December 31, 2019
Contract assets - current	$ 4,270	$ 3,787
Contract assets - non-current	23,525	19,474
Total contract assets	$ 27,795	$ 23,261
Contract liability	$ 7,889	$ 6,542
Revenue recognized in the year from:		
Amounts included in contract liability at the beginning of the year	$ 4,816	$ -

As of June 30, 2020, the Company has unbilled receivables of $6,999, of which $356 is presented within Other current assets and $6,643 is presented within Other non-current assets on the condensed consolidated balance sheet. These unbilled receivables represent unconditional right to payment subject only to the passage of time.

Operating revenue which includes revenue from sales of LNG and natural gas as well as outputs from the Company's natural gas-fired power generation facilities, including power and steam, was $76,177 and $31,738 for the three months ended June 30, 2020 and 2019, respectively. Operating revenue was $139,679 and $57,876 for the six months ended June 30, 2020 and 2019, respectively. During March 2020, the Company began to deliver power and steam recognizing $6,946 and $8,677 in operating revenue for the three and six months ended June 30, 2020, respectively. Other revenue includes revenue for development services as well as lease and other revenue. The table below summarizes the balances in Other revenue:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Development services revenue	$ 17,495	$ 3,908	$ 27,566	$ 3,908
Lease and other revenue	894	4,120	1,851	7,933
Total other revenue	$ 18,389	$ 8,028	$ 29,417	$ 11,841

Transaction price allocated to remaining performance obligations

Some of the Company's contracts are short-term in nature with a contract term of less than a year. The Company applied the optional exemption not to report any unfulfilled performance obligations related to these contracts.

The Company has arrangements in which LNG, natural gas or outputs from the Company's power generation facilities are sold on a "take-or-pay" basis whereby the customer is obligated to pay for the minimum guaranteed volumes even if it does not take delivery of them. The price under these agreements is typically based on a market index plus a fixed margin. The fixed transaction price allocated to the remaining performance obligations under these arrangements is $4,410,159 as of June 30, 2020, representing the fixed margin multiplied by the outstanding minimum guaranteed volumes. The Company expects to recognize this revenue over the following time periods. The pattern of recognition reflects the minimum guaranteed volumes in each period:

Period	Revenue
Remainder of 2020	$ 129,090
2021	243,553
2022	242,745
2023	242,836
2024	243,090
Thereafter	3,308,845
Total	$4,410,159

For all other sales contracts that have a term exceeding one year, the Company has elected the practical expedient in ASC 606 under which the Company does not disclose the transaction price allocated to remaining performance obligations if the variable consideration is allocated entirely to a wholly unsatisfied performance obligation. For these excluded contracts, the sources of variability are (a) the fluctuating market index prices of natural gas used to price the contracts, and (b) the variation in volumes that may be delivered to the customer. Both sources of variability are expected to be resolved at or shortly before delivery of each unit of LNG, natural gas, power or steam. As each unit of LNG, natural gas, power or steam represents a separate performance obligation, future volumes are wholly unsatisfied.

The Company has recognized costs to fulfill a contract with a significant customer, which primarily consist of expenses required to enhance resources to deliver under the agreement with the customer. As of June 30, 2020, the Company has capitalized $10,031, of which $498 of these costs is presented within Other current assets and $9,533 is presented within Other non-current assets on the condensed consolidated balance sheets. As of December 31, 2019, the Company had capitalized $8,839, of which $331 of these costs was presented within Other current assets and $8,508 was presented within Other non-current assets on the condensed consolidated balance sheets. In the first quarter of 2020, the Company began to delivery under the agreement and started recognizing these costs on a straight-line basis over the expected term of the agreement.

5. Leases

Lessee

The Company has operating leases primarily for the use of LNG vessels, marine port space, office space, land and equipment under non-cancellable lease agreements. The Company's leases may include multiple optional renewal periods that are exercisable solely at the Company's discretion. Renewal periods are included in the lease term when the Company is reasonably certain that the renewal options would be exercised, and the associated lease payments for such periods are reflected in the ROU asset and lease liability.

The Company's leases include fixed lease payments which may include escalation terms based on a fixed percentage or may vary based on an inflation indexes or other market adjustments. Escalations based on changes in inflation indices and market adjustments and other lease costs that vary based on the use of the underlying asset are not included as lease payments in the calculation of the lease liability or ROU asset and are included in variable lease cost when the obligation that triggers the variable payment becomes probable. Variable lease cost includes contingent rent payments for office space based on the percentage occupied by the Company in addition to common area charges and other charges that are variable in nature. The Company also has a component of lease payments that are variable related to the LNG vessels, in which the Company may receive credits based on the performance of the LNG vessels during the period.

For the three months and six months ended June 30, 2020, the Company's operating lease cost recorded within the condensed consolidated statements of operations and comprehensive loss were as follows:

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Operating lease cost:		
Fixed lease cost	$ 6,596	$ 16,863
Variable lease cost	74	713
Short-term lease cost	330	616
Lease cost - Cost of Sales	$ 6,109	$ 15,460
Lease cost - Operations and maintenance	440	828
Lease cost - Selling, general and administrative	451	1,904
Capitalized lease cost	7,474	8,013

Capitalized lease cost relates to operating lease cost for vessels and port space used during the commissioning of development projects. Short-term lease costs for vessels chartered by the Company to bring inventory from a supplier's facilities to the Company's storage locations are capitalized to inventory.

Cash paid for operating leases is reported in operating activities in the condensed consolidated statements of cash flows. Supplemental cash flow information related to leases was as follows for the six months ended June 30, 2020:

	Six Months Ended June 30, 2020
Operating cash outflows for operating lease liabilities	$ 23,257
Right-of-use assets obtained in exchange for new operating lease liabilities	128,592

The future payments due under operating leases as of June 30, 2020 is as follows:

	Operating Leases
Due remainder of 2020	$ 14,737
2021	35,398
2022	18,307
2023	7,002
2024	7,114
Thereafter	33,780
Total lease payments	116,338
Less: effects of discounting	32,337
Present value of lease liabilities	$ 84,001
Current lease liability	$ 26,835
Non-current lease liability	57,166

As of June 30, 2020, the weighted-average remaining lease term for all operating leases was 5.8 years. Because the Company generally does not have access to the rate implicit in the lease, the incremental borrowing rate is utilized as the discount rate. The weighted average discount rate associated with operating leases as of June 30, 2020 was 8.6%.

The Company has entered into an LNG vessel lease that has not commenced as of June 30, 2020 with a noncancelable term of 5 years and includes fixed payments for lease and non-lease components of $69,704.

Future annual minimum lease payments for operating leases as of December 31, 2019, prepared in accordance with accounting standards prior to the adoption of ASC 842, were as follows:

Year ending December 31:	
2020	$ 37,776
2021	35,478
2022	18,387
2023	7,083
2024	7,151
Thereafter	26,458
Total	$ 132,333

During the three and six months ended June 30, 2019, the Company recognized rental expense for all operating leases of $8,939 and $17,376, respectively, related primarily to LNG vessel time charters, office space, a land site lease and marine port berth leases.

Lessor

In the Company’s agreements to sell LNG or natural gas to customers, the Company may also lease certain equipment to customers which are accounted for either as a finance or an operating lease. Property, plant and equipment subject to operating leases is included within ISO containers and other equipment within Note 12. Property, plant and equipment, net.

	June 30, 2020
Property, plant and equipment	$ 10,955
Accumulated depreciation	(642)
Property, plant and equipment, net	$ 10,313

The following table shows the expected future lease payments as of June 30, 2020, for the remainder of 2020 through 2024 and thereafter:

	Future cash receipts	
	Financing leases	Operating leases
Remainder of 2020	$ 152	$ 109
2021	303	206
2022	298	194
2023	304	196
2024	304	197
Thereafter	836	860
Total	$ 2,197	$ 1,762
Less: Imputed interest	1,029	
Present value of total lease receipts	$ 1,168	
Current finance leases, net	$ 253	
Non-current finance leases, net	915	

6. Fair value

Fair value measurements and disclosures require the use of valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

- Level 1 – observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities or market corroborated inputs.
- Level 3 - unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions about how market participants price the asset or liability.

The valuation techniques that may be used to measure fair value are as follows:

- Market approach – uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- Income approach – uses valuation techniques, such as discounted cash flow technique, to convert future amounts to a single present amount based on current market expectations about those future amounts.
- Cost approach – based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).

The following table presents the Company's financial assets and financial liabilities that are measured at fair value as of June 30, 2020 and December 31, 2019:

	June 30, 2020				
	Level 1	Level 2	Level 3	Total	Valuation technique
Assets					
Cash and cash equivalents	$ 167,316	$ -	$ -	$ 167,316	Market approach
Restricted cash	56,077	-	-	56,077	Market approach
Investment in equity securities	323	-	-	323	Market approach
Total	$ 223,716	$ -	$ -	$ 223,716	
Liabilities					
Derivative liability[1]	$ -	$ -	$ 9,686	$ 9,686	Income approach
Equity agreement[2]	-	-	16,678	16,678	Income approach
Total	$ -	$ -	$ 26,364	$ 26,364	

	December 31, 2019				
	Level 1	Level 2	Level 3	Total	Valuation technique
Assets					
Cash and cash equivalents	$ 27,098	$ -	$ -	$ 27,098	Market approach
Restricted cash	65,937	-	-	65,937	Market approach
Investment in equity securities	2,540	-	-	2,540	Market approach
Total	$ 95,575	$ -	$ -	$ 95,575	
Liabilities					
Derivative liability[1]	$ -	$ -	$ 9,800	$ 9,800	Income approach
Equity agreement[2]	-	-	16,800	16,800	Income approach
Total	$ -	$ -	$ 26,600	$ 26,600	

(1) Consideration due to the sellers of Shannon LNG once first gas is supplied from the terminal to be built.
(2) To be paid in shares at the earlier of agreed-upon date or the commencement of significant construction activities specified in the Shannon LNG Agreement.

The Company estimates fair value of the derivative liability and equity agreement using a discounted cash flows method with discount rates based on the average yield curve for bonds with similar credit ratings and matching terms to the discount periods as well as a probability of the contingent event occurring. The table below summarizes the fair value adjustment, recorded within Other expense (income), net in the condensed consolidated statements of operations and comprehensive loss, and currency translation adjustment, recorded within the Other comprehensive loss, for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Fair value adjustment - Loss/(gain)	$ 1,323	$ 478	$ (294)	$ (155)
Currency translation adjustment - Loss	595	-	58	-

During the three and six months ended June 30, 2020 and 2019, the Company had no settlements of the equity agreement or derivative liability or any transfers in or out of Level 3 in the fair value hierarchy.

The liability associated with the equity agreement of $16,678 and $16,800 as of June 30, 2020 and December 31, 2019, respectively, is recorded within Other current liabilities on the condensed consolidated balance sheets. The liability associated with the derivative liability of $9,686 and $9,800 as of June 30, 2020 and December 31, 2019, respectively, is recorded within Other long-term liabilities on the condensed consolidated balance sheets.

The Company estimates fair value of outstanding debt using a discounted cash flow method based on current market interest rates for debt issuances with similar remaining years to maturity and adjusted for credit risk. The Company has estimated that the carrying value for each of the Credit Agreement, Senior Secured Bonds, and Senior Unsecured Bonds (all defined below in “Note 16. Debt”) approximate fair value. The fair value estimate is classified as Level 3 in the fair value hierarchy.

7. Restricted cash

As of June 30, 2020 and December 31, 2019, restricted cash consisted of the following:

	June 30, 2020	December 31, 2019
Collateral for performance under customer agreements	$ 15,000	$ 15,000
Collateral for LNG purchases	26,476	35,000
Collateral for letters of credit and performance bonds	6,220	7,388
Debt service reserve account	8,131	8,299
Other restricted cash	250	250
Total restricted cash	$ 56,077	$ 65,937
Current restricted cash	$ 32,946	$ 30,966
Non-current restricted cash	23,131	34,971

8. Inventory

As of June 30, 2020 and December 31, 2019, inventory consisted of the following:

	June 30, 2020	December 31, 2019
LNG and natural gas inventory	$ 41,778	$ 57,436
Automotive diesel oil inventory	5,167	4,746
Materials, supplies and other	3,940	1,250
Total inventory	$ 50,885	$ 63,432

Inventory is adjusted to the lower of cost or net realizable value each quarter. Changes in the value of inventory are recorded within Cost of sales in the condensed consolidated statements of operations and comprehensive loss. No adjustments were recorded during the three and six months ended June 30, 2020 and 2019.

9. Prepaid expenses and other current assets

As of June 30, 2020 and December 31, 2019, prepaid expenses and other current assets consisted of the following:

	June 30, 2020	December 31, 2019
Prepaid expenses	$ 6,348	$ 7,458
Prepaid LNG	3,312	7,097
Due from affiliates (Note 21)	1,460	1,577
Other current assets	17,821	23,602
Total prepaid expenses and other current assets	$ 28,941	$ 39,734

Other current assets as of June 30, 2020 and December 31, 2019 primarily consists of receivables for recoverable taxes and capitalized costs associated with delivering development services to a customer.

10. Investment in equity securities

The Company has invested in equity securities of an international oil and gas drilling contractor. The cost of the investment was $3,667. As of June 30, 2020 and December 31, 2019, the Company owned 295,256 shares of that contractor and the fair value of the investment was $323 and $2,540, respectively.

The unrealized (gain) loss of $(183) and $1,698 for the three months ended June 30, 2020 and 2019, respectively, and $2,217 and $802 for the six months ended June 30, 2020 and 2019, respectively, is included within Other expense (income), net in the condensed consolidated statements of operations and comprehensive loss.

11. Construction in progress

The Company’s construction in progress activity during the six months ended June 30, 2020 is detailed below:

	June 30, 2020
Balance at beginning of period	$ 466,587
Additions	80,541
Transferred to property, plant and equipment, net (Note 12)	(200,177)
Balance at end of period	$ 346,951

Interest expense of $17,902 and $9,111, inclusive of amortized debt issuance costs, was capitalized for the six months ended June 30, 2020 and 2019, respectively.

12. Property, plant and equipment, net

As of June 30, 2020 and December 31, 2019, the Company's property, plant and equipment, net consisted of the following:

	June 30, 2020	December 31, 2019
CHP facilities	$ 117,496	$ -
Terminal and power plant equipment	105,705	14,981
LNG liquefaction facilities	65,992	66,273
Gas terminals	72,394	52,781
Gas pipelines	58,974	11,692
ISO containers and other equipment	74,071	39,951
Land	15,637	15,401
Leasehold improvements	8,309	8,054
Accumulated depreciation	(43,380)	(16,911)
Total property, plant and equipment, net	$ 475,198	$ 192,222

In connection with the adoption of ASC 842, the Company determined that the direct financing lease recognized related to the Montego Bay Terminal is no longer a lease under ASC 842. As of January 1, 2020, the Company recognized a transition adjustment that removed the unamortized net investment in the direct financing lease of $91,005 and recognized the underlying assets as Property, plant and equipment of $92,207 and accumulated depreciation of $13,932 that would have been recognized since the commissioning of the Montego Bay Terminal, with the difference of approximately $9,085, net of taxes of $2,945, recorded as an adjustment to retained earnings.

Depreciation for the three months ended June 30, 2020 and 2019 totaled $7,539 and $1,983, respectively, of which $223 and $147 is respectively included within Cost of sales in the condensed consolidated statements of operations and comprehensive loss. Depreciation for the six months ended June 30, 2020 and 2019 totaled $12,750 and $3,563, respectively, of which $450 and $305 is respectively included within Cost of sales in the condensed consolidated statements of operations and comprehensive loss.

13. Intangible assets

The following table summarizes the composition of intangible assets as of June 30, 2020 and December 31, 2019:

	June 30, 2020			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Life
Definite-lived intangible assets				
Shannon LNG permits	$ 42,078	$ 1,709	$ 40,369	40
Easements	1,559	165	1,394	30
Indefinite-lived intangible assets				
Easements	1,168	-	1,168	n/a
Total intangible assets	$ 44,805	$ 1,874	$ 42,931	

	December 31, 2019			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Life
Definite-lived intangible assets				
Shannon LNG leases and permits	$ 42,157	$ 1,198	$ 40,959	40
Easements	1,559	139	1,420	30
Indefinite-lived intangible assets				
Easements	1,161	-	1,161	n/a
Total intangible assets	$ 44,877	$ 1,337	$ 43,540	

As of June 30, 2020 and December 31, 2019, the weighted-average remaining amortization periods for the intangible assets was 38.0 years and 38.8 years, respectively. As of January 1, 2020, intangible assets associated with favorable lease terms in acquired leases have been reclassified as a ROU assets as a result of adoption of ASC 842.

Amortization for the three months ended June 30, 2020 and 2019 totaled $282 and $286, respectively. Amortization was $552 and $564 for the six months ended June 30, 2020 and 2019, respectively.

14. Other non-current assets

As of June 30, 2020 and December 31, 2019, Other non-current assets consisted of the following:

	June 30, 2020	December 31, 2019
Nonrefundable deposit	$ 24,643	$ 22,262
Contract asset (Note 4)	23,525	19,474
Cost to fulfill (Note 4)	9,533	8,508
Unbilled receivables (Note 4)	6,643	-
Upfront payments to customers	5,739	5,904
Port access rights and initial lease costs	-	17,762
Other	7,087	7,716
Total other non-current assets	$ 77,170	$ 81,626

Nonrefundable deposits are primarily related to deposits for planned land purchases in Pennsylvania and Ireland.

Upfront payments to customers consist of amounts the Company has paid in relation to two natural gas sales contracts with customers to construct fuel-delivery infrastructure that the customers will own.

As of January 1, 2020, port access rights related to the Company’s port lease in Baja California Sur, Mexico, and payments to incumbent tenants to secure the Company’s port lease in San Juan, Puerto Rico were reclassified as ROU assets in connection with the adoption of ASC 842.

15. Accrued liabilities

As of June 30, 2020 and December 31, 2019, accrued liabilities consisted of the following:

	June 30, 2020	December 31, 2019
Accrued contract termination charges	$ 105,000	$ -
Accrued construction costs	8,689	25,037
Accrued interest	13,282	-
Accrued bonuses	8,216	14,991
Other accrued expenses	30,105	14,915
Total accrued liabilities	$ 165,292	$ 54,943

16. Debt

As of June 30, 2020 and December 31, 2019, debt consisted of the following:

	June 30, 2020	December 31, 2019
Credit Agreement, due January 15, 2023	$ 773,895	$ -
Term Loan Facility, due January 21, 2020	-	495,000
Senior Secured Bonds, due September 2034	71,052	70,960
Senior Secured Bonds, due December 2034	62,968	10,823
Senior Unsecured Bonds, due September 2036	42,323	42,274
Total debt	$ 950,238	$ 619,057

The Credit Agreement

On January 10, 2020, the Company entered into a credit agreement to borrow $800,000 in term loans (the “Credit Agreement”). The Credit Agreement will mature in January 2023 with the full principal balance due upon maturity. Interest is payable quarterly and is based on a LIBOR rate divided by one minus the applicable reserve requirement, subject to a floor of 1.50%, plus a margin of 6.25%. The interest rate margin increases each year of the term by 1.50%. A portion of the proceeds received were utilized to extinguish the Term Loan Facility (defined below), including outstanding principal of $495,000.

The Credit Agreement is secured by mortgages on certain properties owned by the Company’s subsidiaries, in addition to other collateral. The Company is required to comply with certain financial covenants and other restricted covenants customary for credit agreement of this type, including restrictions on indebtedness, liens, acquisitions and investments, restricted payments and dispositions. The Credit Agreement also provides for customary events of default, prepayment and cure provisions.

In connection with obtaining the Credit Agreement and the extinguishment of the Term Loan Facility, the Company incurred $36,313 in origination, structuring, and other fees which were recognized as a reduction of the principal balance of the Credit Agreement on the condensed consolidated balance sheets. As of June 30, 2020, the remaining unamortized deferred financing costs were $26,105.

Term Loan Facility

On August 16, 2018, the Company entered into a credit agreement with a syndicate of two lenders to borrow up to an aggregate principal amount of $240,000, and proceeds received from this credit agreement were utilized to repay prior debt facilities. On December 31, 2018, the Company amended this credit agreement to increase the available borrowing principal amount to $500,000 (as amended, the “Term Loan Facility”), and as of December 31, 2018, the Company had an outstanding principal balance of $280,000 under the Term Loan Facility. On March 21, 2019, the Company drew an additional $220,000, bringing the Company’s total outstanding borrowings to $500,000 under the Term Loan Facility.

All borrowings under the Term Loan Facility bore interest at a rate selected by the Company of either (i) LIBOR divided by one minus the applicable reserve requirement plus a spread of 4% or (ii) subject to a floor of 1%, a Base Rate equal to the higher of (a) the Prime Rate, (b) the Federal Funds Rate plus 1/2 of 1% or (c) the 1-month LIBOR rate plus 1.00% plus a spread of 3.0%. The Term Loan Facility was repayable in quarterly installments of $1,250 with a balloon payment due at maturity.

The Term Loan Facility was secured by mortgages on certain properties owned by the Company's subsidiaries, in addition to other collateral. The Term Loan Facility was amended in the third quarter of 2019 to allow certain properties of a consolidated subsidiary to secure the Senior Secured Bonds (defined below).

The Company incurred costs in connection with obtaining the Term Loan Facility, the extinguishment of the Company's prior debt facilities, and the amendment of the Term Loan Facility. Some of the costs incurred were capitalized as a reduction to the Term Loan Facility on the consolidated balance sheets, and all deferred financing costs associated with the Term Loan Facility were amortized over the term of the Term Loan Facility, through December 31, 2019. As such, there were no unamortized deferred financing costs as of December 31, 2019.

The Term Loan Facility had a maturity date of December 31, 2019 with an option to extend the maturity date for two additional six-month periods. Upon the exercise of each extension option, the Company would pay a fee equal to 1.0% of the outstanding principal balance at the time of the exercise and the spread on LIBOR and Base Rate would increase by 0.5%. On December 30, 2019, the Company entered into an amendment with the lenders to extend the maturity to January 21, 2020; no fees were due to lenders from the execution of this amendment. On January 15, 2020, the Company repaid the full amount outstanding including fees due to the lenders using proceeds from the Credit Agreement to extinguish the Term Loan Facility. In conjunction with the extinguishment of the Term Loan Facility, the Company recognized a Loss on extinguishment of debt of $9,557 in the condensed consolidated statements of operations and comprehensive loss.

South Power Bonds

On September 2, 2019, NFE South Power Holdings Limited ("South Power"), a consolidated subsidiary of the Company, entered into a facility for the issuance of secured and unsecured bonds (the "Senior Secured Bonds" and "Senior Unsecured Bonds", respectively) and subsequently issued $73,317 and $43,683 in Senior Secured Bonds and Senior Unsecured Bonds, respectively. The Senior Secured Bonds are secured by the dual-fired combined heat and power facility in Clarendon, Jamaica (the "CHP Plant") and related receivables and assets, and the proceeds were used to fund the completion of the CHP Plant and to reimburse shareholder advances. Upon completion of construction of the CHP Plant in the fourth quarter of 2019, South Power issued an additional $63,000 in Senior Secured Bonds. The Company received $10,856 of the proceeds in 2019 and received the remaining proceeds of $52,144 in January 2020.

The Senior Secured Bonds bear interest at an annual fixed rate of 8.25% and will mature 15 years from the closing date of each issuance. No principal payments will be due for the first seven years. After seven years, quarterly principal payments of approximately 1.6% of the original principal amount will be due, with a 50% balloon payment due upon maturity. Interest payments on outstanding principal balances are due quarterly.

The Senior Unsecured Bonds bear interest at an annual fixed rate of 11.00% and will mature in September 2036. No principal payments will be due for the first nine years. Beginning in 2028, principal payments will be due quarterly on an escalating schedule. Interest payments on outstanding principal balances are due quarterly.

South Power will be required to comply with certain financial covenants as well as customary affirmative and negative covenants, including limitations on incurring additional indebtedness. The facility also provides for customary events of default, prepayment and cure provisions.

The Company paid approximately $3,892 of fees in connection with the issuance of Senior Secured Bonds and Senior Unsecured Bonds. These fees were capitalized on a pro-rata basis as a reduction of the Senior Secured Bonds and Senior Unsecured Bonds on the condensed consolidated balance sheets. The total unamortized deferred financing costs as of June 30, 2020 and December 31, 2019 was $3,657 and $3,799, respectively.

Under the terms of the facility, South Power is required to maintain a Debt Service Reserve Account (as defined in the facility) in the amount of $8,131. Such amount is included as a component of Restricted cash on the Company's condensed consolidated balance sheets (see Note 7).

Interest Expense

Interest and related amortization of debt issuance costs recognized during major development and construction projects are capitalized and included in the cost of the project. Interest expense, net of amounts capitalized, recognized for the three and six months ended June 30, 2020 and 2019 consisted of the following:

	Three months ended		Six months ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Interest costs:				
Interest per contractual rates	$ 19,766	$ 8,475	$ 38,640	$ 13,364
Amortization of debt issuance costs	5,728	3,166	10,350	5,230
Total interest costs	25,494	11,641	48,990	18,594
Capitalized interest	8,296	5,442	17,902	9,111
Total interest expense	$ 17,198	$ 6,199	$ 31,088	$ 9,483

17. Income taxes

In connection with the IPO, NFE contributed the net proceeds from the IPO to NFI in exchange for NFI LLC Units, and NFE became the managing member of NFI. NFI is a limited liability company that is treated as a partnership for U.S. federal income tax purposes and for most applicable state and local income tax purposes. As a partnership, NFI is not subject to U.S. federal and certain state and local income taxes. Any taxable income or loss generated by NFI is passed through to and included in the taxable income or loss of its members, including NFE, on a pro rata basis, subject to applicable tax regulations. NFE is subject to U.S. federal income taxes, in addition to state and local income taxes, with respect to its allocable share of any taxable income or loss of NFI. Additionally, NFI and its subsidiaries are subject to income taxes in the various foreign jurisdictions in which they operate.

In connection with the IPO, NFE recorded a deferred tax asset of $42,783 related to the difference between its tax basis in its investment in NFI and NFE's share of the financial statement carrying amount of the net assets of NFI. The deferred tax asset was recorded to equity and is fully offset by a valuation allowance also recorded to equity.

Subsequent to the Exchange Transactions completed on June 10, 2020, 100% of NFI's operations will be included in the NFE income tax provision; there is no impact on income tax expense expected due to the Exchange Transactions.

The effective tax rate for the three months ended June 30, 2020 was (0.07)%, compared to (0.30)% for the three months ended June 30, 2019. The total tax expense for the three months ended June 30, 2020 was $117, compared to $155 for the three months ended June 30, 2019.

The effective tax rate for the six months ended June 30, 2020 was (0.05)%, compared to (0.36)% for the six months ended June 30, 2019. The total tax expense for the six months ended June 30, 2020 was $113, compared to $401 for the six months ended June 30, 2019.

The primary items which decreased the Company's effective tax rate for the three months and six months ended June 30, 2020 and June 30, 2019 from the U.S. federal statutory rate of 21% were valuation allowances recorded against the Company's current period losses and earnings generated in Non-U.S. jurisdictions with preferential tax rates.

The Company has not recorded a liability for uncertain tax positions as of June 30, 2020. The Company remains subject to periodic audits and reviews by the taxing authorities, and NFE's returns since its formation remain open for examination.

18. Commitments and contingencies

The Company may be subject to certain legal proceedings, claims and disputes that arise in the ordinary course of business. The Company does not believe that these proceedings, individually or in the aggregate, will have a material adverse effect on the Company's financial position, results of operations or cash flows.

19. Earnings per share

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Numerator:				
Net loss	$ (166,519)	$ (51,233)	$ (226,574)	$ (111,525)
Less: net loss attributable to non-controlling interests	29,094	45,047	80,851	91,782
Net loss attributable to Class A shares	$ (137,425)	$ (6,186)	$ (145,723)	$ (19,743)
Denominator:				
Weighted-average shares-basic and diluted	57,341,215	22,114,002	41,771,849	18,154,939
Net loss per share - basic and diluted	$ (2.40)	$ (0.28)	$ (3.49)	$ (1.09)

In connection with the IPO, New Fortress Energy Holdings, the Company's predecessor, effected a one-for-2.16 stock split of its issued and outstanding common shares, resulting in 147,058,824 common shares. Upon the reorganization, New Fortress Energy Holdings obtained the same number of Class B shares in NFE. In connection with the closing of the Exchange Transactions on June 10, 2020, all outstanding Class B shares were exchanged for Class A shares. The weighted average shares outstanding are significantly lower than the Class A shares outstanding on June 30, 2020 due to the timing of the Exchange Transactions.

The following table presents potentially dilutive securities excluded from the computation of diluted net loss per share for the periods presented because its effects would have been anti-dilutive.

	June 30, 2020	June 30, 2019
Unvested RSUs[1]	1,627,673	3,959,725
Class B shares[2]	-	147,058,824
Shannon Equity Agreement shares[3]	1,290,710	1,432,208
Total	2,918,383	152,450,757

1 Represents the number of instruments outstanding at the end of the period.
2 Class B shares at the end of the period are considered potentially dilutive Class A shares.
3 Class A shares that would be issued in relation to the Shannon LNG Equity Agreement.

20. Share-based compensation

In connection with the IPO, the Company adopted the New Fortress Energy LLC 2019 Omnibus Incentive Plan (the "Incentive Plan"), effective as of February 4, 2019. Under the Incentive Plan, the Company may issue options, share appreciation rights, restricted shares, restricted share units ("RSUs"), share bonuses or other share-based awards to selected officers, employees, non-employee directors and select non-employees of NFE or its affiliates.

RSUs

The Company has granted RSUs to select officers, employees, non-employee members of the board of directors and select non-employees under the Incentive Plan. The fair value of RSUs on the grant date is estimated based on the closing price of the underlying shares on the grant date and other fair value adjustments to account for a post-vesting holding period. These fair value adjustments were estimated based on the Finnerty model.

The following table summarizes the RSU activity for the six months ended June 30, 2020:

	Restricted Share Units	Weighted-average grant date fair value per share
Non-vested RSUs as of December 31, 2019	3,137,415	$ 13.44
Granted	109,409	14.47
Vested and shares issued	(1,491,964)	13.46
Forfeited	(127,187)	13.51
Non-vested RSUs as of June 30, 2020	1,627,673	$ 13.49

The following table summarizes the share-based compensation expense for the Company's RSUs recorded for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Operations and maintenance	$ 253	$ 260	$ 490	$ 329
Selling, general and administrative	1,669	8,711	3,940	27,679
Total share-based compensation expense	$ 1,922	$ 8,971	$ 4,430	$ 28,008

For the three months ended June 30, 2020 and 2019, cumulative compensation expense recognized for forfeited RSU awards of $488 and $0, respectively, was reversed. For the six months ended June 30, 2020 and 2019, cumulative compensation expense recognized for forfeited RSU awards of $549 and $0, respectively, was reversed. The Company recognizes the income tax benefits resulting from vesting of RSUs in the period of vesting, to the extent the compensation expense has been recognized.

As of June 30, 2020, the Company had 1,627,673 non-vested RSUs subject to service conditions and had unrecognized compensation costs of approximately $13,515. The non-vested RSUs will vest over a period from ten months to three years following the grant date. The weighted-average remaining vesting period of non-vested RSUs totaled 1.75 years as of June 30, 2020.

Performance Share Units ("PSUs")

During the first quarter of 2020, the Company granted 1,109,777 PSUs to certain employees and non-employees. The PSUs contain a performance condition, and vesting will be determined based on achievement of a performance metric for the year ended December 31, 2021. The number of shares that will vest can range from zero to 2,219,554. For the three and six months ended June 30, 2020, the Company determined that it was not probable that the performance condition required for any of the PSUs to vest would be achieved, and as such, no compensation expense has been recognized in the condensed consolidated statements of operations and comprehensive loss. Unrecognized compensation costs if the maximum amount of shares were to vest based on the achievement of the performance condition was $32,073, and the weighted-average remaining vesting period of non-vested PSUs totaled 1.50 years as of June 30, 2020.

21. Related party transactions

Management services

The Company is majority owned by Messrs. Edens (our chief executive officer and chairman of our Board of Directors) and Nardone (one of our Directors) who are currently employed by Fortress Investment Group LLC ("Fortress"). In the ordinary course of business, Fortress, through affiliated entities, has historically charged the Company for administrative and general expenses incurred pursuant to its Management Services Agreement ("Management Agreement"). Upon completion of the IPO, the Management Agreement was terminated and replaced by an Administrative Services Agreement ("Administrative Agreement") to charge the Company for similar administrative and general expenses. The charges under the Management Agreement and Administrative Agreement that are attributable to the Company totaled $1,914 and $1,742 for the three months ended June 30, 2020 and 2019, respectively, and $4,145 and $4,520 for the six months ended June 30, 2020 and 2019, respectively. Costs associated with the Management Agreement and Administrative Agreement are included within Selling, general and administrative in the condensed consolidated statements of operations and comprehensive loss. As of June 30, 2020 and December 31, 2019, $3,465 and $5,083 were due to Fortress, respectively.

In addition to management and administrative services, an affiliate of Fortress owns and leases an aircraft chartered by the Company for business purposes in the course of operations. The Company incurred, at aircraft operator market rates, charter costs of $45 and $649 for the three months ended June 30, 2020 and 2019, respectively, and $1,284 and $1,625 for the six months ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and December 31, 2019, $1,974 and $4,286 was due to this affiliate, respectively.

Land and office lease

The Company has leased land and office space from Florida East Coast Industries, LLC ("FECI"), which is controlled by funds managed by an affiliate of Fortress. In April 2019, FECI sold the office building to a non-affiliate, and as such, the lease of the office space is no longer held with a related party. The Company recognized expense related to the land lease still held by a related party during the three and six months ended June 30, 2020 of $103 and $206, respectively, which was included within Operations and maintenance in the condensed consolidated statements of operations and comprehensive loss. The expense for the period that the land and building was owned by a related party during the three months ended June 30, 2019 totaled $112, of which $38 related to the office lease and ancillary services is included in Selling, general and administrative, and $74 related to the land lease is included within Operations and maintenance. The expense for the period that the land and building was owned by a related party during the six months ended June 30, 2019 totaled $758 of which $386 was capitalized to Construction in progress, $223 related to the office lease and ancillary services is included in Selling, general and administrative, and $149 related to the land lease is included within Operations and maintenance, respectively in the condensed consolidated statements of operations and comprehensive loss. As of June 30, 2020 and December 31, 2019, there was no amount due to FECI.

DevTech Investment

In August 2018, the Company entered into a consulting arrangement with DevTech Environment Limited ("DevTech") to provide business development services to increase the customer base of the Company. DevTech also contributed cash consideration in exchange for a 10% interest in a consolidated subsidiary. The 10% interest is reflected as non-controlling interest in the Company's condensed consolidated financial statements. DevTech purchased 10% of a note payable due to an affiliate of the Company. As of June 30, 2020 and December 31, 2019, $715 and $815 was owed to DevTech on the note payable, respectively. The outstanding note payable due to DevTech is included in Other long-term liabilities on the condensed consolidated balance sheets as of June 30, 2020. The interest expense on the note payable due to DevTech was $19 and $24 for the three months ended June 30, 2020 and 2019, respectively, and $38 and $46 for the six months ended June 30, 2020 and 2019, respectively. No interest has been paid, and accrued interest has been recognized within Accrued expenses on the condensed consolidated balance sheets. As of June 30, 2020 and December 31, 2019, $343 and $443 was due from DevTech, respectively.

Fortress affiliated entities

Since 2017, the Company has provided certain administrative services to related parties including Fortress affiliated entities. As of June 30, 2020 and December 31, 2019, $1,117 and $1,134 were due from affiliates, respectively. There are no costs incurred by the Company as the Company is fully reimbursed for all costs incurred.

Additionally, an entity formerly affiliated with Fortress and currently owned by Messrs. Edens and Nardone provides certain administrative services to the Company, as well as providing office space under a month-to-month non-exclusive license agreement. The Company incurred rent and administrative expenses of approximately $0 and $607 for the three months ended June 30, 2020 and 2019, respectively, and $849 and $1,026 for the six months ended June 30, 2020 and 2019, respectively. No amounts were incurred in the three months ended June 30, 2020 due to credits received from this affiliate for previously performed services. As of June 30, 2020 and December 31, 2019, $1,147 and $883 were due to this entity, respectively.

Due to/from Affiliates

The table below summarizes the balances outstanding with affiliates at June 30, 2020 and December 31, 2019:

	June 30, 2020	December 31, 2019
Amounts due to affiliates	$ 6,586	$ 10,252
Amounts due from affiliates	1,460	1,577

22. Subsequent events

On August 3, 2020, the Company announced the decision to complete the final step in simplifying the Company's corporate structure by converting New Fortress Energy LLC from a Delaware limited liability company to a Delaware corporation named New Fortress Energy Inc. (the "Conversion"). Since its IPO, NFE has been a corporation for U.S. tax purposes, so converting NFE from a limited liability company to a corporation has no effect on the U.S. tax treatment of the Company or its shareholders. The Conversion is expected to become effective on August 7, 2020. The Conversion was approved by NFE's board of directors, following receipt of special approval of the Conversion pursuant to NFE's First Amended and Restated Limited Liability Company Agreement (the "LLC Agreement"). Under Section 10.3(d) of our LLC Agreement, no vote of the members is required or will be sought for the Conversion.

Upon the Conversion, each Class A share, representing Class A limited liability company interests of the Company ("Class A Common Shares"), outstanding immediately prior to the Conversion will be converted into one issued and outstanding, fully paid and nonassessable share of Class A common stock, $0.01 par value per share, of the Corporation ("Class A Common Stock"). Class A Common Shares currently shown on the Company's condensed consolidated statements of changes in stockholders' equity will be reclassified to Class A Common Stock and Additional paid-in capital with no change to Total stockholders' equity.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Certain information contained in the following discussion and analysis, including information with respect to our plans, strategy, projections and expected timeline for our business and related financing, includes forward-looking statements that involve risks and uncertainties. Forward-looking statements are estimates based upon current information and involve a number of risks and uncertainties. Actual events or results may differ materially from the results anticipated in these forward-looking statements due to a variety of factors. This discussion and analysis includes information that is intended to provide investors with an understanding of our past performance and our current financial condition and is not necessarily indicative of our future performance. Please refer to "—Factors Impacting Comparability of Our Financial Results" for further discussion. The results of operations for interim periods are not necessarily indicative of the results that may be expected for any other interim period or for a full year. Unless otherwise indicated, dollar amounts are presented in thousands.

You should read "Part II, Item 1A. Risk Factors" and "Cautionary Statement on Forward-Looking Statements" elsewhere in this Quarterly Report on Form 10-Q ("Quarterly Report") and "Part I, Item 1A. Risk Factors" in the Annual Report on Form 10-K for the year ended December 31, 2019 (our "Annual Report") for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

The following information should be read in conjunction with our unaudited condensed consolidated financial statements and accompanying notes included elsewhere in this Quarterly Report. Our financial statements have been prepared in accordance with GAAP. The unaudited condensed consolidated financial statements as of and for the three and six months ended June 30, 2020 included herein, reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of financial position, results of operations and cash flows for the interim periods on a basis consistent with the annual audited financial statements. All such adjustments are of a normal recurring nature.

Unless the context otherwise requires, references to "Company," "NFE," "we," "our," "us" or like terms refer to New Fortress Energy LLC and its subsidiaries.

Overview

We are a global integrated gas-to-power infrastructure company that seeks to use natural gas to satisfy the world's large and growing power needs. We deliver targeted energy solutions to customers around the world, thereby reducing their energy costs and diversifying their energy resources, while also reducing pollution and generating compelling margins. Our near-term mission is to provide modern infrastructure solutions to create cleaner, reliable energy while generating a positive economic impact worldwide. Our long-term mission is to become one of the world's leading carbon emission-free independent power providing companies. We discuss this important goal in more detail in "Items 1 and 2: Business and Properties" under "Toward a Carbon-Free Future" in our Annual Report.

As an integrated gas-to-power energy infrastructure company, our business model spans the entire production and delivery chain from natural gas procurement and liquefaction to logistics, shipping, terminals and conversion or development of natural gas-fired power generation. We currently source LNG from long-term supply agreements with third party suppliers and from our own liquefaction facility in Miami, Florida. We expect that control of our vertical supply chain, from procurement to delivery of LNG, will help to reduce our exposure to future LNG price variations and enable us to supply our existing and future customers with LNG at a price that reinforces our competitive standing in the LNG market. Our strategy is simple: we seek to procure LNG at attractive prices using long-term agreements and through our own production, and we seek to sell natural gas (delivered through LNG infrastructure) or gas-fired power to customers that sign long-term, take-or-pay contracts.

Our Current Operations

Our management team has successfully employed our strategy to secure long-term contracts with significant customers in Jamaica and Puerto Rico, including Jamaica Public Service Company Limited ("JPS"), the sole public utility in Jamaica, South Jamaica Power Company Limited ("JPC"), an affiliate of JPS, Jamalco, a bauxite mining and alumina production in Jamaica, and the Puerto Rico Electric Power Authority ("PREPA"), each of which is described in more detail below. Our assets built to service these significant customers have been designed with capacity to service other customers.

We currently procure our LNG either by purchasing it under a contract from a supplier or by manufacturing it in our natural gas liquefaction and storage facility located in Miami-Dade County, Florida (the "Miami Facility"). Our long-term goal is to develop the infrastructure necessary to supply our existing and future customers with LNG produced primarily at our own facilities, including our expanded delivery logistics chain in Northern Pennsylvania (the "Pennsylvania Facility").

Montego Bay Terminal

Our storage and regasification terminal in Montego Bay, Jamaica (the "Montego Bay Terminal") serves as our supply hub for the north side of Jamaica, providing natural gas to JPS to fuel the 145MW Bogue Power Plant in Montego Bay, Jamaica. Our Montego Bay Terminal commenced commercial operations in October 2016 and is capable of processing up to 740,000 LNG gallons (61,000 MMBtu) per day and features approximately 7,000 cubic meters of onsite storage. The Montego Bay Terminal also consists of an ISO loading facility that can transport LNG to numerous on-island industrial users.

Old Harbour Terminal

Our marine LNG storage and regasification terminal in Old Harbour, Jamaica (the "Old Harbour Terminal") commenced commercial operations in June 2019 and is capable of processing approximately six million gallons of LNG (500,000 MMBtu) per day. The Old Harbour Terminal supplies natural gas to the new 190MW Old Harbour power plant (the "Old Harbour Power Plant") operated by JPC. The Old Harbour Terminal is also supplying natural gas to our dual-fired combined heat and power facility in Clarendon, Jamaica (the "CHP Plant"). The CHP Plant supplies electricity to JPS under a long-term power purchase agreement ("PPA"). The CHP Plant also provides steam to Jamalco under a long-term take-or-pay steam supply agreement ("SSA"). On March 3, 2020, the CHP Plant commenced commercial operation under both the PPA and the SSA and began supplying power and steam to JPS and Jamalco, respectively.

San Juan Facility

We are finalizing the development of the micro-fuel handling facility in the Port of San Juan, Puerto Rico (the "San Juan Facility"). The San Juan Facility is currently being developed near the San Juan Power Plant and will serve as our supply hub for the San Juan Power Plant and other industrial end-user customers in Puerto Rico. We began to deliver natural gas used for the commissioning of PREPA's power plant under the Fuel Sale and Purchase Agreement with PREPA in the second quarter of 2020, and we expect the San Juan Facility to be fully commissioned in the third quarter of 2020.

Miami Facility

Our Miami Facility began operations in April 2016. This facility has liquefaction capacity of approximately 100,000 gallons of LNG (8,300 MMBtu) per day and enables us to produce LNG for sales directly to industrial end-users in southern Florida, including Florida East Coast Railway via our train loading facility, and other customers throughout the Caribbean using ISO containers.

Other Development Projects

We are in the process of developing an LNG regasification terminal at the Port of Pichilingue in Baja California Sur, Mexico (the "La Paz Terminal"). Our La Paz Terminal is expected to supply approximately 455,000 gallons of LNG (37,565 MMBtu) per day, and we have received all necessary permits for onshore construction of the power plant.

In February 2020, we entered into a 25-year power purchase agreement with Nicaragua's electricity distribution companies, and we expect to construct a new approximately 300 MW natural gas-fired power plant that will consume approximately 800,000 gallons of LNG (65,000 MMBtus) per day. In 2019, we signed a memorandum of understanding to develop a terminal in Angola to supply natural gas for power generation.

COVID-19 Pandemic

We are closely monitoring the impact of the novel coronavirus ("COVID-19") pandemic on all aspects of our operations and development projects. We primarily operate under long-term contracts with customers, many of which contain fixed minimum volumes that must be purchased on a "take-or-pay" basis. We have continued to invoice our customers for these fixed minimum volumes even in cases when our customer's consumption has decreased. We have not changed our payment terms with these customers, and there has not been deterioration in the timing or volume of collections.

Based on the essential nature of the services we provide to support power generation facilities, our development projects have not currently been significantly impacted by responses to the COVID-19 pandemic. We remain committed to prioritizing the health and well-being of our employees, customers, suppliers and other partners. We have implemented policies to screen employees, contractors, and vendors for COVID-19 symptoms upon entering our development projects, operations and office facilities. For the six months ended June 30, 2020, we have incurred approximately $500 for safety measures introduced into our operations and other responses to the COVID-19 pandemic.

We are actively monitoring the spread of the pandemic and the actions that governments and regulatory agencies are taking to fight the spread. We have not experienced significant disruptions in development projects and daily operations during the six months ended June 30, 2020 from the COVID-19 pandemic; however, there are important uncertainties including the scope, severity and duration of the pandemic, the actions taken to contain the pandemic or mitigate its impact, and the direct and indirect economic effects of the pandemic and containment measures. We do not currently expect these factors to have a significant impact on our results of operations, liquidity or financial position, or our development budgets or timelines.

Conversion to a Corporation

On August 3, 2020, we announced our decision to complete the final step in simplifying our corporate structure by converting New Fortress Energy LLC from a Delaware limited liability company to a Delaware corporation named New Fortress Energy Inc. Since its IPO, NFE has been a corporation for U.S. federal tax purposes, so converting NFE from a limited liability company to a corporation has no effect on the U.S. federal tax treatment of the Company or its shareholders. We expect the Conversion to become effective at 12:01 a.m. Eastern Time on August 7, 2020 (such date and time at which the Conversion becomes effective, the "Effective Time"). The Conversion was approved by our board of directors, following receipt of special approval of the Conversion pursuant to our LLC Agreement. Under Section 10.3(d) of our LLC Agreement, no vote of the members is required or will be sought for the Conversion.

We believe that the Conversion will further improve our trading liquidity and, as a result, make us more attractive to investors. Following the Conversion, we also anticipate that our common stock will be eligible for inclusion in benchmark stock indices currently utilized by more than $8 trillion of industry assets, which amount we expect will increase over time. We also believe that, as a corporation, we will enhance our access to capital markets and our common stock will be more attractive as a currency in future strategic transactions. There can be no assurance that we can realize all or some of the anticipated benefits in a timely manner or at all.

Conversion Steps

On August 3, 2020, in order to implement the Conversion, we filed with the Secretary of State of the State of Delaware a Certificate of Conversion (the "Certificate of Conversion") and a Certificate of Incorporation (the "Certificate of Incorporation"). As a result, at the Effective Time, the Company will convert to a corporation pursuant to a plan of conversion (the "Plan of Conversion"), and the Certificate of Incorporation and the By-Laws of the Corporation (the "By-Laws") will become effective. Following the Conversion, the Corporation will be named "New Fortress Energy Inc."

On August 3, 2020, the Company notified the NASDAQ Global Select Market ("NASDAQ") that the Certificate of Conversion had been filed with the Secretary of State of the State of Delaware. At the Effective Time, each Class A share, representing Class A limited liability company interests of the Company ("Class A Common Shares"), outstanding immediately prior to the Effective Time will be converted into one issued and outstanding, fully paid and nonassessable share of Class A common stock, $0.01 par value per share, of the Corporation ("Class A Common Stock"). The Company will request that, as of the open of trading on August 7, 2020, NASDAQ cease trading of the Class A Common Shares and commence trading of the Class A Common Stock on NASDAQ under the existing ticker symbol "NFE." No action or approval by the current holders of Class A Common Shares is currently anticipated with respect to the Conversion and no new CUSIP numbers will be issued.

The shares of Class A Common Stock issued upon effectiveness of the Conversion will carry all rights with respect to the Class A Common Shares, including the right to receive any distribution declared but not yet paid on the Class A Common Shares prior to the Conversion.

Rights of Stockholders

The Certificate of Incorporation and By-Laws provide the Corporation's stockholders following the Conversion with substantially the same rights and obligations that shareholders have pursuant to the LLC Agreement. Following the Conversion, except as otherwise expressly provided in the Certificate of Incorporation and By-Laws, the holders of Class A Common Stock will be entitled to vote on all matters on which stockholders of a corporation are generally entitled to vote on under the Delaware General Corporation Law, including the election of the board of directors of the Corporation. Holders of Class A Common Stock will be entitled to one vote per share of Class A Common Stock.

Directors and Executive Officers

The directors and executive officers of the Company immediately prior to the Effective Time will become the directors and executive officers of the Corporation at the Effective Time. In addition, the committees of the board, and the membership thereof, immediately prior to the Effective Time, will be replicated at the Corporation at the Effective Time.

The foregoing descriptions are qualified by reference to the forms of the Plan of Conversion, Certificate of Conversion, Certificate of Incorporation and the Bylaws, which are filed as Exhibits 99.1, 99.2, 99.3 and 99.4, respectively, to this Quarterly Report on Form 10-Q.

Other Matters

We received an order from the Federal Energy Regulatory Commission ("FERC") on June 18, 2020, which asked us to explain why our San Juan Facility is not subject to FERC's jurisdiction under section 3 of the Natural Gas Act. While we do not believe that the San Juan Facility is jurisdictional, we provided our reply to FERC on July 20, 2020 and requested that FERC act expeditiously. We do not know if or when FERC will respond to our reply, or the outcome of any such response.

Results of Operations – Three and Six Months Ended June 30, 2020 compared to Three and Six Months Ended June 30, 2019

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	2019	Change	2020	2019	Change
Revenues						
Operating revenue	$ 76,177	$ 31,738	$ 44,439	$ 139,679	$ 57,876	$ 81,803
Other revenue	18,389	8,028	10,361	29,417	11,841	17,576
Total revenues	94,566	39,766	54,800	169,096	69,717	99,379
Operating expenses						
Cost of sales	69,899	44,043	25,856	138,115	77,392	60,723
Operations and maintenance	9,500	5,403	4,097	17,983	9,902	8,081
Selling, general and administrative	31,846	32,169	(323)	60,216	81,918	(21,702)
Contract termination charges and loss on mitigation sales	123,906	-	123,906	124,114	-	124,114
Depreciation and amortization	7,620	2,110	5,510	12,874	3,801	9,073
Total operating expenses	242,771	83,725	159,046	353,302	173,013	180,289
Operating loss	(148,205)	(43,959)	(104,246)	(184,206)	(103,296)	(80,910)
Interest expense	17,198	6,199	10,999	31,088	9,483	21,605
Other expense (income), net	999	920	79	1,610	(1,655)	3,265
Loss on extinguishment of debt, net	-	-	-	9,557	-	9,557
Loss before taxes	(166,402)	(51,078)	(115,324)	(226,461)	(111,124)	(115,337)
Tax expense	117	155	(38)	113	401	(288)
Net loss	$ (166,519)	$ (51,233)	$ (115,286)	$ (226,574)	$ (111,525)	$ (115,049)

Revenues

Operating revenue from the sale of LNG, natural gas sales or outputs from our natural gas-fired power generation facilities increased $44,439 and $81,803 for the three and six months ended June 30, 2020, respectively. The increase was primarily driven by volumes sold from the Old Harbour Terminal, including volumes utilized in the CHP Plant which commenced commercial operations during March 2020. For the three months ended June 30, 2020, we recognized $43,472 of revenue from volumes sold at the Old Harbour Terminal, including $22,931 from sales to the Old Harbour Power Plant and $20,541 from natural gas utilized in the CHP Plant. For the six months ended June 30, 2020, we recognized $79,249 of revenue from volumes sold at the Old Harbour Terminal, including $52,876 from sales to the Old Harbour Power Plant and $26,373 from natural gas utilized in the CHP Plant. For the three months ended June 30, 2020, the volume delivered to the Old Harbour Power Plant was 19.3 million gallons (1.6 TBtu) and the volume utilized in the CHP Plant was 24.0 million gallons (2.0 TBtu). For the six months ended June 30, 2020, the volume delivered to the Old Harbour Power Plant was 51.5 million gallons (4.3 TBtu) and the volume utilized in the CHP Plant was 33.8 million gallons (2.8 TBtu). We also began to deliver power and steam under our contracts with JPS and Jamalco during March 2020 adding $6,946 and $8,677 in revenue for the three and six months ended June 30, 2020, respectively.

In connection with the adoption of ASC 842, we no longer identified a lease of the Montego Bay Terminal in our gas sale agreement with our customer. Accordingly, interest income associated with the direct financing lease of the Montego Bay Terminal is no longer recognized within Other revenue, and all amounts recognized as revenue for activities at the Montego Bay Terminal were included in Operating revenue for the three and six months ended June 30, 2020, resulting in an increase of $3,986 and $7,886 to Operating revenue, respectively. The increase in Operating revenue was partially offset by decrease in sales at the Montego Bay Terminal of $2,105 and $2,707 for the three and six months ended June 30, 2020, respectively, primarily due to decrease in sales volumes delivered at the Bogue Power Plant. The delivered volume at the Montego Bay Terminal decreased by 6.7 million gallons (0.5 TBtu) from 29.8 million gallons (2.4 TBtu) during the three months ended June 30, 2019 to 23.1 million gallons (1.9 TBtu) during the three months ended June 30, 2020. The delivered volume at the Montego Bay Terminal decreased by 9.9 million gallons (0.7 TBtu) from 56.5 million gallons (4.6 TBtu) during the six months ended June 30, 2019 to 46.6 million gallons (3.9 TBtu) during the six months ended June 30, 2020.

Other revenue includes revenue for development services, which is recognized from the construction, installation and commissioning of equipment to transform customers' facilities to operate utilizing natural gas or to allow customers to receive power or other outputs from our power generation facilities, and such services are included within certain long-term contracts to supply these customers with natural gas or outputs from our natural gas-fired facilities. Other revenue increased $10,361 and $17,576 for the three and six months ended June 30, 2020, respectively, and the increases were due to the following:

- Recognition of $17,393 and $26,879 of development services revenue in Puerto Rico for the three and six months ended June 30, 2020, respectively, including conversion of the customer's infrastructure within the San Juan Power Plant and gas used by our customer for testing and commissioning their assets. Development services revenue recognized in both the three and six months ended June 30, 2020 included $16,484 for the customer's use of 19.3 million gallons (1.6 TBtu) of natural gas as part of commissioning their assets.

- Lower revenue recognized for the infrastructure projects for customers of the CHP Plant. For the three and six months ended June 30, 2020, we recognized $102 and $687, respectively, for the completion of infrastructure projects for customers of the CHP Plant, as compared to $3,908 for the three and six months ended June 30, 2019.
- Decrease in interest income associated with the direct financing lease of the Montego Bay Terminal, as all amounts recognized as revenue for activities at the Montego Bay Terminal were included in Operating revenue for the three months and six months ended June 30, 2020.

Cost of sales

Cost of sales includes the procurement of feedgas or LNG, as well as shipping and logistics costs to deliver LNG or natural gas to our terminals or power generation facilities or to our customers. Our LNG and natural gas supply are purchased from third parties or converted in our Miami Facility. Costs to convert natural gas to LNG, including labor, depreciation and other direct costs to operate our Miami Facility are also included in Cost of sales. For natural gas utilized by the CHP Plant, we bill our customer on a pass-through basis, and as such, NFE South Power Holdings, our consolidated subsidiary and owner of the CHP Plant, recognizes no margin on gas sales to our customer.

Cost of sales increased $25,856 and $60,723 for the three and six months ended June 30, 2020, respectively. The increase was primarily attributable to the increase in volumes delivered of 159% and 150% compared to the three and six months ended June 30, 2019, respectively, partially offset by the decrease in LNG cost. The weighted-average cost of LNG purchased from third parties for our Jamaican operations decreased from $0.83 per gallon ($10.08 per MMBtu) to $0.68 per gallon ($8.23 per MMBtu) for the three months ended June 30, 2020. The weighted-average cost of LNG purchased from third parties for our Jamaican operations decreased from $0.83 per gallon ($10.08 per MMBtu) to $0.67 per gallon ($8.16 per MMBtu) for the six months ended June 30, 2020. The weighted-average cost of our inventory balance for our Jamaican operations as of June 30, 2020 and December 31, 2019 was $0.66 per gallon ($7.94 per MMBtu) and $0.64 per gallon ($7.70 per MMBtu), respectively.

For the six months ended June 30, 2020, charter costs associated with our expanded fleet, including a full six months of charter costs of the Old Harbour Terminal in 2020, increased Cost of sales by $2,072 as compared with the six months ended June 30, 2019. For the three months ended June 30, 2020, we capitalized charter costs associated with vessels used in commission of the San Juan Facility, decreasing Cost of sales by $848 from the three months ended June 30, 2019.

The increase in Cost of sales was also attributable to costs associated with development services, which increased $7,669 and $17,017 for the three and six months ended June 30, 2020. The increase was due to the following:

- Recognition of $11,107 and $19,923 of costs associated with development services in Puerto Rico for the three and six months ended June 30, 2020, respectively, including conversion of the customer’s infrastructure within the San Juan Power Plant and gas used by our customer for testing and commissioning their assets. The weighted-average cost of LNG purchased from third parties for our customer’s commissioning activities was $0.49 per gallon ($5.94 per MMBtu) for the three and six months ended June 30, 2020. The weighted-average cost of our inventory balance for our inventory balance for our Puerto Rico operations as of June 30, 2020 was $0.56 per gallon ($6.75 per MMBtu).
- Decrease in costs associated the infrastructure projects for customers of the CHP Plant of $3,438 and $2,906 for the three and six months ended June 30, 2020. For the three and six months ended June 30, 2020, we recognized $114 and $646 of costs associated with the completion of infrastructure projects for customers of the CHP Plant. For the three and six months ended June 30, 2019, $3,552 of costs associated with the completion of infrastructure projects for customers of the CHP Plant were recognized.

Operations and maintenance

Operations and maintenance relates to costs of operating our Montego Bay Terminal, CHP Plant, Miami Facility and Old Harbour Terminal, exclusive of costs to convert that are reflected in Cost of sales. Operations and maintenance increased $4,097 and $8,081 for the three and six months ended June 30, 2020, respectively. The increase was primarily a result of higher costs associated with the operations of charter vessels of $457 and $3,375, associated with additional vessels deployed, as well as other increased operating costs, primarily logistics and payroll related expenses at our terminals and facilities in the three and six months ended June 30, 2020, respectively. We incurred operating costs for the CHP Plant for the period after commencement of commercial operations on March 3, 2020 of $1,424 and $1,768 in the three and six months ended June 30, 2020, respectively.

Selling, general and administrative

Selling, general and administrative includes compensation expenses for our corporate employees, employee travel costs, insurance, professional fees for our advisors. and costs associated with development activities for projects that are in initial stages and development is not yet probable.

Selling, general and administrative decreased $323 and $21,702 for the three and six months ended June 30, 2020, respectively. The decrease was primarily attributable to lower share-based compensation expense of $7,041 and $23,738 and professional fees of $1,126 and $8,970 recognized for the three and six months ended June 30, 2020, respectively. These decreases were partially offset by increases in development costs incurred for development projects that currently do not qualify for capitalization and higher payroll costs associated with increased headcount as compared to the same periods in the prior year.

Contract termination charges and loss on mitigation sales

Contract termination charges and loss on mitigation sales for the three and six months ended June 30, 2020 was $123,906 and $124,114, respectively. The pricing for LNG in the open market continues to be significantly lower than the pricing in our LNG supply agreement. In June 2020, we executed an agreement to terminate our obligation to purchase LNG from our supplier for the remainder of 2020 in exchange for a payment of $105,000, and we recognized this cancellation charge during the three months ended June 30, 2020. We terminated our obligation in the second quarter of 2020 to both take advantage of the low pricing in the open market and to align future deliveries of LNG with our expected needs. We intend to purchase LNG in the open market for the remainder of our needs in 2020 to significantly reduce our LNG supply cost.

We have experienced lower than expected consumption by our customers, primarily the result of unplanned maintenance at one of our customer's facilities in Jamaica in May and June 2020. As a result, we were unable to utilize a firm cargo purchased under our LNG supply agreement, incurring a loss of $18,906 on the sale of this cargo that was recognized during the three months ended June 30, 2020.

We did not have such transactions during the same periods in the prior year.

Depreciation and amortization

Depreciation and amortization increased $5,510 and $9,073 for the three and six months ended June 30, 2020, respectively. The increase was primarily a result of an increase in depreciation of $1,212 and $3,106 for our Old Harbour Terminal that went into service in June 2019 during the three and six months ended June 30, 2020, respectively. Additionally, we recognized additional depreciation expense of $3,000 and $3,673 for the CHP Plant that went into service in March 2020 for the three and six months ended June 30, 2020, respectively. The increase was also due to additional depreciation of $1,246 and $2,325 recognized on our Montego Bay Terminal during the three and six months ended June 30, 2020, respectively. These assets were presented as direct financing leases prior to the adoption of ASC 842, and no depreciation for such assets was previously recorded.

Interest expense

Interest expense increased $10,999 and $21,605 for the three and six months ended June 30, 2020, respectively. These increases were a result of the additional principal balances outstanding during 2020 under the Credit Agreement, Senior Secured Bonds and Senior Unsecured Bonds (all defined below), as compared to the Term Loan Facility which was extinguished in January 2020. Interest expense incurred under the Credit Agreement, net of capitalized interest, was $13,399 and $24,331, and interest expense incurred on the Secured Bonds and Senior Unsecured Bonds, net of capitalized interest, was $3,814 and $5,601 in the three and six months ended June 30, 2020, respectively.

Other expense (income), net

Other expense (income), net increased $79 and $3,265 for the three and six months ended June 30, 2020, respectively. The increase in expense for the three months ended June 30, 2020 was primarily due to a decrease in interest income and the change in fair value of the derivative liability and equity agreement associated with our acquisition of Shannon LNG in November 2018, partially offset by unrealized gain on investment in equity securities. For the six months ended June 30, 2020, the increase in expense was primarily as a result of the unrealized loss on our investment in equity securities, the changes in fair value of the derivative liability and equity agreement interest and the decrease in interest income.

Loss on extinguishment of debt

Loss on extinguishment of debt for the three and six months ended June 30, 2020 was $0 and $9,557, respectively, as a result of the extinguishment of the Term Loan Facility (as defined below).

Tax expense

Tax expense for the three and six months ended June 30, 2020 was $117 and $113, respectively, compared to tax expense of $155 and $401 for the three and six months ended June 30, 2019, respectively. We continue to have valuation allowances in many of our foreign jurisdictions and tax expense for earnings generated in foreign jurisdictions has been limited.

Factors Impacting Comparability of Our Financial Results

Our historical results of operations and cash flows are not indicative of results of operations and cash flows to be expected in the future, principally for the following reasons:

- ***Our historical financial results do not include significant projects that are near completion.*** Our results of operations for the first half of 2020 include our Montego Bay Terminal, Miami Facility, sales from our Old Harbour Terminal to JPC, and certain industrial end-users. The CHP Plant commenced commercial operations during March 2020, and our results now include revenue and results operations from sales of gas, power and steam from the CHP Plant. We also expect that the San Juan Facility will become fully operational beginning in third quarter of 2020. Our current results also do not include revenue and operating results from other projects under development including the La Paz Terminal, the LNG regasification terminal and power plant in Puerto Sandino, Nicaragua (the "Puerto Sandino Terminal"), the LNG terminal in Angola (the "Angola Terminal"), and the LNG terminal on the Shannon Estuary near Ballylongford, Ireland (the "Ireland Terminal").

- ***Our historical financial results do not reflect changes to our current long term LNG supply agreement as well a new LNG supply agreement that will lower the cost of our LNG supply through 2030.*** We currently purchase the majority of our supply of LNG from third parties. For the three and six months ended June 30, 2020, we sourced 96% of our LNG volumes from third parties. Our cost of sales for the three and six months ended June 30, 2020, reflected an average cost of LNG purchased from third parties for use in our Jamaican operations of $0.68 per gallon ($8.23 per MMBtu) and $0.67 per gallon ($8.16 per MMBtu), respectively, predominately purchased under a long term LNG supply agreement entered into in December 2018. During 2019, the market price for LNG declined significantly, and we have executed an LNG supply agreement to purchase 27.5 TBtus annually beginning in 2022 at prices that are expected to be significantly lower than our current inventory balance. In June 2020, we entered into an agreement to terminate our obligation to purchase LNG from our supplier for the remainder of 2020 in exchange for a payment of $105,000. We intend to purchase all volumes needed for our operations in the remainder of 2020 on the open market, significantly reducing our LNG supply costs.

Liquidity and Capital Resources

We believe we will have sufficient liquidity from proceeds from recent borrowings and cash flow from operations to fund our capital expenditures and working capital needs for the next 12 months. We expect to fund our current operations and continued development of additional facilities through a combination of cash on hand and additional borrowings from the Senior Secured Bonds, Senior Unsecured Bonds, and the Credit Agreement (all defined below). Our IPO was completed on February 4, 2019, and we raised net proceeds of $268,010, inclusive of additional net proceeds raised from the exercise of the underwriter's option to purchase additional shares and after deducting underwriting discounts and commissions and transaction costs. On March 21, 2019, we drew the remaining availability on our Term Loan Facility (defined below) and had $495,000 of outstanding principal as of December 31, 2019. On September 5, 2019, we issued approximately $117,000 in Senior Secured Bonds and Senior Unsecured Bonds, and in December 2019, we issued an additional $63,000 in Senior Secured Bonds, which was fully funded by January 2020. In January 2020, we borrowed $800,000 under the Credit Agreement, and repaid the Term Loan Facility in full. No principal payments are due under the Senior Secured and Senior Unsecured Bonds for at least seven years; no principal payments are due under the Credit Agreement until maturity in January 2023.

We have assumed total expenditures for all completed and existing projects to be approximately $855 million, with approximately $724 million having already been spent through June 30, 2020. This estimate represents the expenditures necessary to complete the San Juan Facility and the La Paz Terminal, as well as expected expenditures to serve new industrial end-users. We expect to be able to fund all such committed projects with a combination of cash on hand, as well as the proceeds from the Credit Agreement, Senior Secured Bonds, and Senior Unsecured Bonds. Through June 30, 2020, we have spent approximately $155 million to develop the Pennsylvania Facility. Approximately $20 million of construction and development costs have been expensed as we have not issued a final notice to proceed to our engineering, procurement, and construction contractors. Cost for land, as well as engineering and equipment that could be deployed to other facilities and associated financing costs of approximately $135 million, has been capitalized.

In the third quarter of 2020, we will pay the cancellation fee of $105,000 in connection with the agreement executed in June 2020 with our LNG supplier to terminate the supply of LNG for the remainder of 2020. Payment of this fee will be funded by cash on hand.

Cash Flows

The following table summarizes the changes to our cash flows for the six months ended June 30:

(in thousands)	Six Months Ended June 30, 2020	2019	Change
Cash flows from:			
Operating activities	$ (80,323)	$ (92,068)	$ 11,745
Investing activities	(95,344)	(231,877)	136,533
Financing activities	306,025	481,110	(175,085)
Net increase in cash, cash equivalents, and restricted cash	$ 130,358	$ 157,165	$ (26,807)

Cash (used in) operating activities

Our cash flow used in operating activities was $80,323 for the six months ended June 30, 2020, which decreased by $11,745 from $92,068 for the six months ended June 30, 2020. Our net loss when adjusted for non-cash items was $10,112 lower than the net loss adjusted for non-cash items for the six months ended June 30, 2019, reflecting lower cash used as a result of our operations for the six months ended June 30, 2020.

Cash (used in) investing activities

Our cash flow used in investing activities was $95,344 for the six months ended June 30, 2020, which decreased by $136,533 from $231,877 for the six months ended June 30, 2019. Cash outflows for investing activities during the six months ended June 30, 2020 were primarily used to complete the CHP Plant and the San Juan Facility, as well as construction of the La Paz Terminal.

Cash used in investing activities during the six months ended June 30, 2019 included significant capital expenditures for development of our Old Harbour Terminal and Pennsylvania Facility, as well as payments for significant outstanding amounts to our suppliers that were accrued as of December 31, 2018. We did not have these activities during the six months ended June 30, 2020, resulting in a decrease in cash outflows for investing activities.

Cash provided by financing activities

Our cash flow provided by financing activities was $306,025 for the six months ended June 30, 2020, which decreased by $175,085 from $481,110 for the six months ended June 30, 2019. Cash provided by financing activities during the six months ended June 30, 2020 was due to borrowings under the Credit Agreement of $800,000, partially offset by an original issue discount of $20,000 and transaction costs and other fees to obtain the Credit Agreement of $13,600. A portion of these proceeds was used to fund the repayment of the Term Loan Facility of $506,402. Additionally, the remaining proceeds from the Senior Secured Bonds of $52,144 were received during the first quarter of 2020.

Cash flow provided by financing activities during the six months ended June 30, 2019 were primarily consisted IPO proceeds of $274,948 and additional borrowing under the Term Loan Facility of $220,000. These cash inflows were partially offset by payment of offering costs for our IPO and principal payments on debt.

Long-Term Debt

The Credit Agreement

On January 10, 2020, the Company entered into a credit agreement to borrow $800,000 in term loans (the “Credit Agreement”). The Credit Agreement will mature in January 2023 with the full principal balance due upon maturity. Interest is payable quarterly and is based on a LIBOR rate divided by one minus the applicable reserve requirement, subject to a floor of 1.50%, plus a margin of 6.25%. The interest rate margin increases each year of the term by 1.50%. Loans may be prepaid, at the option of the Company, at any time without premium. We have used a portion of the proceeds received to extinguish the Term Loan Facility (defined below).

We are required to comply with certain financial covenants as well as usual and customary affirmative and negative covenants, including limitations on liens and incurring additional indebtedness. The facility also provides for customary events of default and cure provisions.

In connection with obtaining the Credit Agreement and the extinguishment of the Term Loan Facility, the Company incurred $36,313 in origination, structuring, and other fees which were recognized as a reduction of the principal balance of the Credit Agreement on the condensed consolidated balance sheets. As of June 30, 2020, the remaining unamortized deferred financing costs were $26,105.

Term Loan Facility

On August 16, 2018, the Company entered into a credit agreement with a syndicate of two lenders to borrow up to an aggregate principal amount of $240,000. On December 31, 2018, the Company amended this credit agreement (as amended, the "Term Loan Facility") to, among other things, (i) increase the amount available for borrowing thereunder from $240,000 to $500,000, (ii) extend the initial maturity date to December 31, 2019, (iii) modify certain provisions relating to restrictive covenants and existing financial covenants, and (iv) remove the mandatory prepayment required with the net proceeds received in connection with an IPO. As of December 31, 2018, the outstanding principal balance under the Term Loan Facility was $280,000.

On March 21, 2019, the Company drew an additional $220,000, bringing our total outstanding borrowings to $500,000 under the Term Loan Facility, and as of December 31, 2019, the total principal amount outstanding under the Term Loan Facility was $495,000.

All borrowings under the Term Loan Facility bore interest at a rate selected by us of either (i) LIBOR divided by one minus the applicable reserve requirement plus a spread of 4% or (ii) subject to a floor of 1%, a Base Rate equal to the higher of (a) the Prime Rate, (b) the Federal Funds Rate plus 1/2 of 1% or (c) the 1-month LIBOR rate plus 1.00% plus a spread of 3.0%. The Term Loan Facility was repayable in quarterly installments of $1,250 with a balloon payment due at maturity.

The Term Loan Facility was secured by mortgages on certain properties owned by our subsidiaries, in addition to other collateral. The Term Loan Facility was amended in the third quarter of 2019 to allow certain properties of a consolidated subsidiary to secure the Senior Secured Bonds (defined below). We were also required to comply with certain financial covenants and other restrictive covenants customary for facilities of this type, including restrictions on indebtedness, liens, acquisitions and investments, restricted payments, and dispositions.

We incurred costs in connection with obtaining the Term Loan Facility, the extinguishment of our prior debt facilities, and the amendment of the Term Loan Facility. Some of the costs incurred were capitalized as a reduction to the Term Loan Facility on the consolidated balance sheets, and all deferred financing costs associated with the Term Loan Facility were amortized over the term of the Term Loan Facility, through December 31, 2019. As such, there were no unamortized deferred financing costs as of December 31, 2019.

The Term Loan Facility had a maturity date of December 31, 2019 with an option to extend the maturity date for two additional six-month periods. Upon the exercise of each extension option, we would pay a fee equal to 1.0% of the outstanding principal balance at the time of the exercise, and the spread on LIBOR and Base Rate would increase by 0.5%. On December 30, 2019, the Company entered into an amendment with the lenders to extend the maturity to January 21, 2020. Prior to this new maturity date, we repaid the full amount outstanding, using proceeds from the Credit Agreement to extinguish the Term Loan Facility.

South Power Bonds

On September 2, 2019, NFE South Power Holdings Limited ("South Power"), a consolidated subsidiary of the Company, entered into a facility for the issuance of secured and unsecured bonds (the "Senior Secured Bonds" and "Senior Unsecured Bonds", respectively) and subsequently issued $73,317 and $43,683 in Senior Secured Bonds and Senior Unsecured Bonds, respectively. The Senior Secured Bonds are secured by the CHP Plant and related receivables and assets, and the proceeds were used to fund the completion of the CHP Plant and to reimburse shareholder advances. In the fourth quarter of 2019, South Power issued an additional $63,000 in Senior Secured Bonds. We received $10,856 of the proceeds in 2019 and received the remaining proceeds of $52,144 in January 2020.

The Senior Secured Bonds bear interest at an annual fixed rate of 8.25% and will mature 15 years from the closing date of each issuance. No principal payments will be due for the first seven years. After seven years, quarterly principal payments of approximately 1.6% of the original principal amount will be due, with a 50% balloon payment due upon maturity. Interest payments on outstanding principal balances will be due quarterly.

The Senior Unsecured Bonds bear interest at an annual fixed rate of 11.00% and will mature in September 2036. No principal payments will be due for the first nine years. Beginning in 2028, principal payments will be due quarterly on an escalating schedule. Interest payments on outstanding principal balances will be due quarterly.

South Power will be required to comply with certain financial covenants as well as customary affirmative and negative covenants, including limitations on incurring additional indebtedness. The facility also provides for customary events of default, prepayment, and cure provisions.

The Company paid approximately $3,892 of fees in connection with the issuance of Senior Secured Bonds and Senior Unsecured Bonds. These fees were capitalized on a pro-rata basis as a reduction of the Senior Secured Bonds and Senior Unsecured Bonds on the consolidated balance sheets. The total unamortized deferred financing costs as of June 30, 2020 was $3,657.

Off Balance Sheet Arrangements

As of June 30, 2020, we had no off-balance sheet arrangements that may have a current or future material effect on our consolidated financial position or operating results.

Contractual Obligations

We are committed to make cash payments in the future pursuant to certain of our contracts. The following table summarizes certain contractual obligations in place as of June 30, 2020:

(in thousands)	**Total**	**Less than 1 year[1]**	**Years 2 to 3**	**Year 4 to 5**	**More than 5 years**
Long-term debt obligations	$ 1,399,922	$ 39,600	$ 189,125	$ 854,334	$ 316,863
Purchase obligations	1,452,703	3,654	380,656	303,121	765,272
Operating Lease obligations	116,338	14,737	53,705	14,116	33,780
Total	$ 2,968,963	$ 57,991	$ 623,486	$ 1,171,571	$ 1,115,915

[1] Includes contractual obligations from July 1, 2020 through December 31, 2020

Long-Term debt obligations

For information on our long-term debt obligations, see “—Liquidity and Capital Resources—Long-Term Debt.” The amounts included in the table above are based on the total debt balance, scheduled maturities, and interest rates in effect as of June 30, 2020.

Purchase obligations

The Company is party to long term supply agreements. These contracts are principally take-or-pay contracts, which require the purchase of minimum quantities of LNG and natural gas, and these commitments are designed to assure sources of supply and are not expected to be in excess of normal requirements.

In December 2018, the Company entered into a contract with Centrica LNG Company Limited for the purchase of 29 firm cargoes of 1.1 billion gallons of LNG (86.7 million MMBtu) scheduled for delivery between June 2019 and December 2021. Payment for each cargo is due in advance of each shipment. In June 2020, we executed an agreement to terminate our obligation to purchase LNG from Centrica for the remainder of 2020 in exchange for a payment of $105 million. As a result, we will now be able to purchase LNG in the open market at prices that are significantly lower than the price previously agreed to with Centrica. As of June 30, 2020, the Company is committed to purchase 12 remaining cargoes in 2021.

On February 7, 2020, the Company entered into a long-term supply agreement with an established international gas supplier for the purchase of 27.5 TBtu per year of LNG at a price indexed to Henry Hub from January 2022 to January 2030.

The Company currently has two contracts in place for the purchase of feedgas under take-or-pay minimum volume obligations. These commitments are structured to assure the Miami Facility has uninterrupted supply and the minimum volumes are not expected to be in excess of normal requirements. Deliveries under these contracts are scheduled between March 2019 and November 2025.

In 2018, the Company entered into a 15-year agreement with an affiliate of Chesapeake Energy Corporation for gas supply to our Pennsylvania Facility. The terms of the agreement are subject to certain conditions precedent under our control before the agreement is effective. These conditions have not yet been met, and as such, this commitment is excluded from the table above.

Operating Lease obligations

Future fixed lease payments under non-cancellable operating leases, inclusive of fixed lease payments for renewal periods the Company is reasonably certain that renewal options will be exercised, are noted in the above table. The Company's lease obligations are primarily related to LNG vessel time charters, marine port leases, office space and a land lease.

The Company currently has four vessels under time charter leases with non-cancellable terms ranging from two to seven years. The lease commitments in the table above include only the lease component of these arrangements due over the non-cancellable term and does not include any operating services.

We have leases for port space and a land site for the development of our facilities. Terms for leases of port space range from 20 to 25 years. The land site lease is held with an affiliate of the Company and has a remaining term of approximately five years with an automatic renewal term of five years for up to an additional 20 years.

Office space includes a space shared with affiliated companies in New York with a month to month lease and an office space in downtown Miami with a lease term of 84 months.

Summary of Critical Accounting Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and the accompanying notes. Changes in facts and circumstances or additional information may result in revised estimates, and actual results may differ from these estimates. Management evaluates its estimates and related assumptions regularly and will continue to do so as we further grow our business. We believe that the accounting policies discussed below are critical to understanding our historical and future performance, as these policies relate to the more significant areas involving management's judgments and estimates.

Revenue recognition

Our contracts with customers may contain one or several performance obligations usually consisting of the sale of LNG, natural gas, and beginning in the first quarter of 2020, power and steam which are outputs from our natural gas-fueled infrastructure. The transaction price for each of these contracts is structured using similar inputs and factors regardless of the output delivered to the customer. The customers consume the benefit of the natural gas, power, and steam when they are delivered by the Company to the customer's power generation facilities or interconnection facility. Natural gas, power, and steam qualify as a series with revenue being recognized over time using an output method, based on the quantity of natural gas, power, or steam that the customer has consumed. LNG is typically delivered in containers transported by truck to customer sites. Revenue from sales of LNG delivered by truck is recognized at the point in time at which physical possession and the risks and rewards of ownership transfer to the customer, either when the containers are shipped or delivered to the customers' storage facilities, depending on the terms of the contract. Because the nature, timing, and uncertainty of revenue and cash flows are substantially the same for LNG, natural gas, power and steam, we have presented Operating revenue on an aggregated basis.

We have concluded that variable consideration included in these agreements meets the exception for allocating variable consideration to each unit sold under the contract. As such, the variable consideration for these contracts is allocated to each distinct unit of LNG, natural gas, power or steam delivered and recognized when that distinct unit of LNG or natural gas is delivered to the customer.

Our contracts with customers to supply LNG or natural gas may contain a lease of equipment. We allocate consideration received from customers between lease and non-lease components based on the relative fair value of each component. The fair value of the lease component is estimated based on the estimated standalone selling price of the same or similar equipment leased to the customer. We estimate the fair value of the non-lease component by forecasting volumes and pricing of gas to be delivered to the customer over the lease term. The estimated fair value of the leased equipment, as a percentage of the estimated total revenue from LNG or natural gas and leased equipment at inception, will establish the allocation percentage to determine the fixed lease payments and the amount to be accounted for under the revenue recognition guidance.

The leases of certain facilities and equipment to customers are accounted for as financing or operating leases. The current and non-current portion of financing leases are recorded within Prepaid expenses and other current assets and Finance leases, net, on the condensed consolidated balance sheets, respectively. The lease payments for finance leases are segregated into principal and interest components similar to a loan. Interest income is recognized on an effective interest method over the lease term and is included in Other revenue in the condensed consolidated statements of operations and comprehensive loss. The principal components of the lease payment are reflected as a reduction to the net investment in the finance lease. For the Company's operating leases, the amount allocated to the leasing component is recognized over the lease term as Other revenue in the condensed consolidated statements of operations and comprehensive loss.

In addition to the revenue recognized from the leasing components of agreements with customers, Other revenue includes development services revenue recognized from the construction, installation and commissioning of equipment to transform customers' facilities to operate utilizing natural gas or to allow customers to receive power or other outputs from our natural gas-fired power generation facilities. Revenue from these development services is recognized over time as we transfer control of the asset to the customer or based on the quantity of natural gas consumed as part of commissioning the customer's facilities. If the customer is not able to obtain control over the asset under development until such services are completed, revenue is recognized when the services are completed and the customer has control of the infrastructure. Such agreements may also include a significant financing component, and we recognize revenue for the interest income component over the term of the financing as Other revenue.

Development services are typically included in arrangements that include other distinct performance obligations, and the Company allocates the transaction price to each performance obligation based on its standalone selling price ("SSP") in relation to the aggregate value of the SSP of all performance obligations in the arrangement. Some of our performance obligations have observable inputs that are used to determine the SSP of those distinct performance obligations. Where SSP is not directly observable, we primarily determine the SSP using the cost-plus approach. In the circumstances when available information to determine SSP is highly variable or uncertain, we use the residual approach.

Impairment of long-lived assets

We perform a recoverability assessment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Indicators may include, but are not limited to, adverse changes in the regulatory environment in a jurisdiction where we operate, unfavorable events impacting the supply chain for LNG to our operations, a decision to discontinue the development of a long-lived asset, early termination of a significant customer contract, or the introduction of newer technology. We exercise judgment in determining if any of these events represent an impairment indicator requiring a recoverability assessment.

Our business model requires investments in infrastructure often concurrently with our customers' investments in power generation or other assets to utilize LNG. Our costs to transport and store LNG are based upon our customers' contractual commitments once their assets are fully operational. We expect revenue under these contracts to exceed construction and operational costs, based on the expected term and revenue of these contracts. Additionally, our infrastructure assets are strategically located to provide critical inputs to our committed customers' operations and our locations allow us to expand to additional opportunities within existing markets.

We have considered that the market price of LNG can vary widely, including recent decreases throughout 2019 and the first half of 2020. Due to the decline in LNG prices, we executed a long term LNG supply agreement to purchase 27.5 TBtus annually beginning in 2022 at prices that are expected to be significantly lower than inventory purchased under our contract with our current supplier. Further, we will take advantage of the current market pricing for LNG to supply our operations for the remainder of 2020, resulting in an overall lower average cost of LNG. Our long-term, take-or pay contracts to deliver natural gas or LNG to our customers also limit our exposure to fluctuations in natural gas and LNG as our pricing is based on the Henry Hub index plus a contractual spread. Based on the long-term nature of our contracts and the market value of the underlying assets, we do not believe that changes in the price of LNG indicate that a recoverability assessment of our assets is necessary. Further, we plan to utilize our own liquefaction facilities to manufacture our own LNG at attractive prices, secure LNG to supply our expanding operations and reduce our exposure to future LNG price variations in the long term.

We have also considered the impacts of the ongoing COVID-19 pandemic, including the restrictions that governments may put in place and the resulting direct and indirect economic impacts, on our current operations and expected development budgets and timelines. We primarily operate under long-term contracts with customers, many of which contain fixed minimum volumes that must be purchased on a "take-or-pay" basis, even in cases when our customer's consumption has decreased. We have not changed our payment terms with these customers, and there has not been any deterioration in the timing or volume of collections.

Based on the essential nature of the services we provide to support power generation facilities, our development projects have not currently been significantly impacted by responses to the COVID-19 pandemic. We will continue to monitor this uncertain situation and local responses in jurisdictions where we do business to determine if there are any indicators that a recoverability assessment for our assets should be performed.

The COVID-19 pandemic has also significantly impacted energy markets, and the price of oil has traded at historic low prices in 2020. Future expansion of our business is dependent upon LNG being a competitive source of energy and available at a lower cost than the cost to deliver other alternative energy sources, such as diesel or other distillate fuels. We do not believe that oil prices will remain at their historic low levels as evidenced by recent recovery, and we believe that LNG and natural gas will remain a competitive fuel source for customers.

When performing a recoverability assessment, we measure whether the estimated future undiscounted net cash flows expected to be generated by the asset exceeds its carrying value. In the event that an asset does not meet the recoverability test, the carrying value of the asset will be adjusted to fair value resulting in an impairment charge. Management develops the assumptions used in the recoverability assessment based on active contracts, current and future expectations of the global demand for LNG and natural gas, as well as information received from third party industry sources.

Share-based compensation

The Company estimates the fair value of RSUs and performance stock units granted to employees and non-employees on the grant date based on the closing price of the underlying shares on the grant date and other fair value adjustments to account for a post-vesting holding period. These fair value adjustments were estimated based on the Finnerty model.

JOBS Act

In April 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company," or EGC, can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. Thus, an EGC can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have taken advantage of the exemptions discussed above. Accordingly, the information contained herein may be different than the information you receive from other public companies.

Subject to certain conditions, as an EGC, we have elected to rely on certain of these exemptions, including without limitation, (1) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (2) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board, or PCAOB, regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an EGC until the earlier of (i) the last day of the fiscal year in which we have total annual gross revenues of $1.07 billion or more; (ii) the last day of the fiscal year following the fifth anniversary of the date of the completion of our IPO, December 31, 2024; (iii) the date on which we have issued more than $1.00 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission or SEC.

Recent Accounting Standards

For descriptions of recently issued accounting standards, see "Note 3. Adoption of new and revised standards" to our notes to condensed consolidated financial statements included elsewhere in this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risks.

In the normal course of business, the Company encounters several significant types of market risks including commodity and interest rate risks.

Commodity Price Risk

Commodity price risk is the risk of loss arising from adverse changes in market rates and prices. We are able to limit our exposure to fluctuations in natural gas prices as our pricing in contracts with customers is based on the Henry Hub index price plus a contractual spread. Our exposure to market risk associated with LNG price changes may adversely impact our business. We do not currently have any derivative arrangements to protect against fluctuations in commodity prices, but to mitigate the effect of fluctuations in LNG prices on our operations, we may enter into various derivative instruments.

Interest Rate Risk

Debt that we incurred under the Credit Agreement bears interest based on a LIBOR rate plus a fixed margin and exposes us to interest rate risk. As of June 30, 2020, the impact on interest expense of a 1% increase or decrease in the interest rate of the Credit Agreement would be approximately $8,000 per year.

The Senior Secured Bonds and Senior Unsecured Bonds were issued with a fixed rate of interest, and as such, a change in interest rates would impact the fair value of the Senior Secured Bonds and Senior Unsecured Bonds but such a change would have no impact on our results of operations or cash flows. A 100-basis point increase or decrease in the market interest rate would decrease or increase the fair value of our fixed rate debt by between $12.5 million and $14.0 million. The sensitivity analysis presented is based on certain simplifying assumptions, including instantaneous change in interest rate and parallel shifts in the yield curve.

We do not currently have any derivative arrangements to protect against fluctuations in interest rates applicable to our outstanding indebtedness.

Foreign Currency Exchange Risk

We primarily conduct our operations in U.S. dollars, and as such, our results of operations and cash flows have not materially been impacted by fluctuations due to changes in foreign currency exchange rates. We currently incur a limited amount of costs in foreign jurisdictions that are paid in local currencies, but we expect our international operations to continue to grow in the near term. We do not currently have any derivative arrangements to protect against fluctuations in foreign exchange rates, but to mitigate the effect of fluctuations in exchange rates on our operations, we may enter into various derivative instruments.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

In accordance with Rules 13a-15(b) of the Exchange Act, we have evaluated, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of June 30, 2020. Our disclosure controls and procedures are designed to provide reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC. Based upon that evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of June 30, 2020 at the reasonable assurance level.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act) that occurred during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

We are not currently a party to any material legal proceedings. In the ordinary course of business, various legal and regulatory claims and proceedings may be pending or threatened against us. If we become a party to proceedings in the future, we may be unable to predict with certainty the ultimate outcome of such claims and proceedings.

Item 1A. Risk Factors.

You should carefully consider the following risk factors together with all of the other information included in this Quarterly Report, including the information under "Cautionary Statement on Forward-Looking Statements." If any of the following risks were to occur, our business, financial condition and results of operations could be materially adversely affected. Additional risks not presently known to us or that we currently deem immaterial could also materially affect our business. This Quarterly Report includes forward-looking statements regarding, among other things, our plans, strategies, prospects and projections, both business and financial. As a result, you should not place undue reliance on any such statements included in this Quarterly Report.

Risks Related to Our Business

We have not yet completed contracting, construction and commissioning of all of our Terminals and Liquefaction Facilities. There can be no assurance that our Terminals and Liquefaction Facilities will operate as expected, or at all.

We have not yet entered into binding construction contracts, issued "final notice to proceed" or obtained all necessary environmental, regulatory, construction and zoning permissions for all of our Terminals and Liquefaction Facilities. There can be no assurance that we will be able to enter into the contracts required for the development of our Terminals and Liquefaction Facilities on commercially favorable terms, if at all, or that we will be able to obtain all of the environmental, regulatory, construction and zoning permissions we need. In particular, we will require agreements with ports proximate to our Liquefaction Facilities capable of handling the transload of LNG directly from our transportation assets to our occupying vessel. If we are unable to enter into favorable contracts or to obtain the necessary regulatory and land use approvals on favorable terms, we may not be able to construct and operate these assets as expected, or at all. Additionally, the construction of these kinds of facilities is inherently subject to the risks of cost overruns and delays. There can be no assurance that we will not need to make adjustments to our Terminals and Liquefaction Facilities as a result of the required testing or commissioning of each development, which could cause delays and be costly. Furthermore, if we do enter into the necessary contracts and obtain regulatory approvals for the construction and operation of the Liquefaction Facilities, there can be no assurance that such operations will allow us to successfully export LNG to our facilities, or that we will succeed in our goal of reducing the risk to our operations of future LNG price variations. If we are unable to construct, commission and operate all of our Terminals and Liquefaction Facilities as expected, or, when and if constructed, they do not accomplish the goals described in this Quarterly Report or our other Quarterly or Annual Reports, or if we experience delays or cost overruns in construction, our business, operating results, cash flows and liquidity could be materially and adversely affected. Expenses related to our pursuit of contracts and regulatory approvals related to our Terminals and Liquefaction Facilities still under development may be significant and will be incurred by us regardless of whether these assets are ultimately constructed and operational.

We may experience time delays, unforeseen expenses and other complications while developing our projects. These complications can delay the commencement of revenue-generating activities, reduce the amount of revenue we earn and increase our development costs.

Development projects, including our Terminals, Liquefaction Facilities, power plants, and related infrastructure are often developed in multiple stages involving commercial and governmental negotiations, site planning, due diligence, permit requests, environmental impact studies, permit applications and review, marine logistics planning and transportation and end-user delivery logistics. Projects of this type are subject to a number of risks that may lead to delay, increased costs and decreased economic attractiveness. These risks are often increased in foreign jurisdictions, where legal processes, language differences, cultural expectations, currency exchange requirements, political relations with the U.S. government, regulatory reviews, employment laws and diligence requirements can make it more difficult, time-consuming and expensive to develop a project.

A primary focus of our business is the development of projects in foreign jurisdictions, including in locations where we have no prior development experience, and we expect to continue expanding into new jurisdictions in the future. Our inexperience in these jurisdictions creates a meaningful risk that we may experience delays, unforeseen expenses or other obstacles that will cause the projects we are developing to take longer and be more expensive than our initial estimates.

While we plan our projects carefully and attempt to complete them according to timelines and budgets that we believe are feasible, we have experienced time delays and cost overruns in some projects that we have developed previously and may experience similar issues with future projects given the inherent complexity and unpredictability of developing infrastructure projects. For example, we previously expected to commence operations of our San Juan Facility and the converted Units 5 and 6 of the Combined Cycle San Juan Power Plant in San Juan, Puerto Rico in the third quarter of 2019. However, due to construction complexity, the earthquakes which occurred near Puerto Rico in January 2020, and third party delays which impacted each project, we began supplying natural gas to allow our customer to commission Units 5 and 6 in the second quarter of 2020 in connection with our development services. We expect our San Juan Facility to be fully commissioned in the third quarter of 2020. Delays in the development beyond our estimated timelines, or amendments or change orders to the construction contracts we have entered into and will enter into in the future, could increase the cost of completion beyond the amounts that we estimate. Increased costs could require us to obtain additional sources of financing to continue development on our estimated development timeline or to fund our operations during such development. Any delay in completion of a facility could cause a delay in the receipt of revenues estimated therefrom or cause a loss of one or more customers in the event of significant delays. As a result of any one of these factors, any significant development delay, whatever the cause, could have a material adverse effect on our business, operating results, cash flows and liquidity.

Our ability to implement our business strategy may be materially and adversely affected by many known and unknown factors.

Our business strategy relies upon our future ability to successfully market natural gas to end-users, develop and maintain cost-effective logistics in our supply chain and construct, develop and operate energy-related infrastructure in the U.S., Jamaica, Mexico, Puerto Rico, Ireland, Angola, Nicaragua and other countries where we do not currently operate. Our strategy assumes that we will be able to expand our operations into other countries, including countries in the Caribbean, enter into long-term GSAs and/or PPAs with end-users, acquire and transport LNG at attractive prices, develop infrastructure, including the Pennsylvania Facility, as well as other future projects, into efficient and profitable operations in a timely and cost-effective way, obtain approvals from all relevant federal, state and local authorities, as needed, for the construction and operation of these projects and other relevant approvals and obtain long-term capital appreciation and liquidity with respect to such investments. We cannot assure you if or when we will enter into contracts for the sale of LNG and/or natural gas, the price at which we will be able to sell such LNG and/or natural gas or our costs for such LNG and/or natural gas. Thus, there can be no assurance that we will achieve our target pricing, costs or margins. Our strategy may also be affected by future governmental laws and regulations. Our strategy also assumes that we will be able to enter into strategic relationships with energy end-users, power utilities, LNG providers, shipping companies, infrastructure developers, financing counterparties and other partners. These assumptions are subject to significant economic, competitive, regulatory and operational uncertainties, contingencies and risks, many of which are beyond our control. Additionally, in furtherance of our business strategy, we may acquire operating businesses or other assets in the future. Any such acquisitions would be subject to significant risks and contingencies, including the risk of integration, and we may not be able to realize the benefits of any such acquisitions.

Additionally, our strategy may evolve over time. Our future ability to execute our business strategy is uncertain, and it can be expected that one or more of our assumptions will prove to be incorrect and that we will face unanticipated events and circumstances that may adversely affect our business. Any one or more of the following factors may have a material adverse effect on our ability to implement our strategy and achieve our targets:

- inability to achieve our target costs for the purchase, liquefaction and export of natural gas and/or LNG and our target pricing for long-term contracts;
- failure to develop cost-effective logistics solutions;
- failure to manage expanding operations in the projected time frame;
- inability to structure innovative and profitable energy-related transactions as part of our sales and trading operations and to optimally price and manage position, performance and counterparty risks;
- inability, or failure, of any customer or contract counterparty to perform their contractual obligations to us (for further discussion of counterparty risk, see “—Our current ability to generate cash is substantially dependent upon the entry into and performance by customers under long-term contracts that we have entered into or will enter into in the near future, and we could be materially and adversely affected if any customer fails to perform its contractual obligations for any reason, including nonpayment and nonperformance, or if we fail to enter into such contracts at all.”);

- inability to develop infrastructure, including our Terminals and Liquefaction Facilities, as well as other future projects, in a timely and cost-effective manner;
- inability to attract and retain personnel in a timely and cost-effective manner;
- failure of investments in technology and machinery, such as liquefaction technology or LNG tank truck technology, to perform as expected;
- increases in competition which could increase our costs and undermine our profits;
- inability to source LNG and/or natural gas in sufficient quantities and/or at economically attractive prices;
- failure to anticipate and adapt to new trends in the energy sector in the U.S., Jamaica, the Caribbean, Mexico, Ireland, Nicaragua, Angola and elsewhere;
- increases in operating costs, including the need for capital improvements, insurance premiums, general taxes, real estate taxes and utilities, affecting our profit margins;
- inability to raise significant additional debt and equity capital in the future to implement our strategy as well as to operate and expand our business;
- general economic, political and business conditions in the U.S., Jamaica, the Caribbean, Mexico, Ireland, Nicaragua, Angola and in the other geographic areas in which we intend to operate;
- the severity and duration of world health events, including the recent COVID-19 pandemic and related economic and political impacts on our or our customers' or suppliers' operations and financial status;
- inflation, depreciation of the currencies of the countries in which we operate and fluctuations in interest rates;
- failure to win new bids or contracts on the terms, size and within the time frame we need to execute our business strategy;
- failure to obtain approvals from governmental regulators and relevant local authorities for the construction and operation of potential future projects and other relevant approvals;
- uncertainty regarding the timing, pace and extent of an economic recovery in the United States, the other jurisdictions in which we operate and elsewhere, which in turn will likely affect demand for crude oil and natural gas; or
- existing and future governmental laws and regulations.

If we experience any of these failures, such failure may adversely affect our financial condition, results of operations and ability to execute our business strategy.

When we invest significant capital to develop a project, we are subject to the risk that the project is not successfully developed and that our customers do not fulfill their payment obligations to us following our capital investment in a project.

A key part of our business strategy is to attract new customers by agreeing to finance and develop new terminals, power plants, liquefaction facilities and related infrastructure in order to win new customer contracts for the supply of natural gas, LNG or power. This strategy requires us to invest capital and time to develop a project in exchange for the ability to sell natural gas, LNG or power and generate fees from customers in the future. When we develop large projects such as terminals, power plants and large liquefaction facilities, our required capital expenditure may be significant, and we typically do not generate meaningful fees from customers until the project has commenced commercial operations, which may take a year or more to achieve. If the project is not successfully developed for any reason, we face the risk of not recovering some or all of our invested capital, which may be significant. If the project is successfully developed, we face the risks that our customers may not fulfill their payment obligations or may not fulfill other performance obligations that impact our ability to collect payment. Our customer contracts and development agreements do not fully protect us against this risk, and in some instances, may not provide any meaningful protection from this risk. This risk is heightened in foreign jurisdictions, particularly if our counterparty is a government or government-related entity because any attempt to enforce our contractual or other rights may involve long and costly litigation where the ultimate outcome is uncertain.

If we invest capital in a project where we do not receive the payments we expect, we will have less capital to invest in other projects, our liquidity, results of operations and financial condition could be materially and adversely affected, and we could face the inability to comply with the terms of our existing debt or other agreements, which would exacerbate these adverse effects.

We have a limited operating history, which may not be sufficient to evaluate our business and prospects.

We have a limited operating history and track record. As a result, our prior operating history and historical financial statements may not be a reliable basis for evaluating our business prospects or the future value of our Class A shares. We commenced operations on February 25, 2014, and we had net losses of approximately $31.7 million in 2017, $78.2 million in 2018, and $204.3 million in 2019. Our strategy may not be successful, and if unsuccessful, we may be unable to modify it in a timely and successful manner. We cannot give you any assurance that we will be able to implement our strategy on a timely basis, if at all, or achieve our internal model or that our assumptions will be accurate. Our limited operating history also means that we continue to develop and implement various policies and procedures including those related to project development planning, operational supply chain planning, data privacy and other matters. We will need to continue to build our team to develop and implement our strategies.

We will continue to incur significant capital and operating expenditures while we develop infrastructure for our supply chain, including for the completion of our Terminals and Liquefaction Facilities under construction, as well as other future projects. We will need to invest significant amounts of additional capital to implement our strategy. We have not yet completed constructing all of our Terminals and Liquefaction Facilities and our strategy includes the construction of additional facilities. Any delays beyond the expected development period for these assets would prolong, and could increase the level of, operating losses and negative operating cash flows. Our future liquidity may also be affected by the timing of construction financing availability in relation to the incurrence of construction costs and other outflows and by the timing of receipt of cash flows under our customer contracts in relation to the incurrence of project and operating expenses. Our ability to generate any positive operating cash flow and achieve profitability in the future is dependent on, among other things, our ability to develop an efficient supply chain (which may be impacted by the COVID-19 pandemic) and successfully and timely complete necessary infrastructure, including our Terminals and Liquefaction Facilities under construction, and fulfill our gas delivery obligations under our customer contracts.

Our business is dependent upon obtaining substantial additional funding from various sources, which may not be available or may only be available on unfavorable terms.

We believe we will have sufficient liquidity, cash flow from operations and access to additional capital sources to fund our capital expenditures and working capital needs for the next 12 months. In the future, we expect to incur additional indebtedness to assist us in developing our operations and we are considering alternative financing options, including in specific markets, or the opportunistic sale of one of our non-core assets. See “Part I, Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this Quarterly Report for more information on our Credit Agreement, Senior Secured Bonds and Senior Unsecured Bonds. If we are unable to obtain additional funding, approvals or amendments to our existing financings, or if additional funding is only available on terms that we determine are not acceptable to us, we may be unable to fully execute our business plan and our business, financial condition or results of operations may be materially adversely affected. Additionally, we may need to adjust the timing of our planned capital expenditures and facilities development depending on the requirements of our existing financing and availability of such additional funding. Our ability to raise additional capital will depend on financial, economic and market conditions, which have increased in volatility and at times have been negatively impacted due to the COVID-19 pandemic, our progress in executing our business strategy and other factors, many of which are beyond our control. We cannot assure you that such additional funding will be available on acceptable terms, or at all. To the extent that we raise additional equity capital by issuing additional securities at any point in the future, our then-existing shareholders may experience dilution. Debt financing, if available, may subject us to restrictive covenants that could limit our flexibility in conducting future business activities and could result in us expending significant resources to service our obligations. If we are unable to comply with our existing covenants or any additional covenants and service our debt, we may lose control of our business and be forced to reduce or delay planned investments or capital expenditures, sell assets, restructure our operations or submit to foreclosure proceedings, all of which could result in a material adverse effect upon our business.

A variety of factors beyond our control could impact the availability or cost of capital, including domestic or international economic conditions, increases in key benchmark interest rates and/or credit spreads, the adoption of new or amended banking or capital market laws or regulations, the re-pricing of market risks and volatility in capital and financial markets, risks relating to the credit risk of our customers and the jurisdictions in which we operate, as well as general risks applicable to the energy sector. Our financing costs could increase or future borrowings or equity offerings may be unavailable to us or unsuccessful, which could cause us to be unable to pay or refinance our indebtedness or to fund our other liquidity needs. We also rely on borrowings under our debt instruments to fund our capital expenditures. If any of the lenders in the syndicates backing these debt instruments were unable to perform on its commitments, we may need to seek replacement financing, which may not be available as needed, or may be available in more limited amounts or on more expensive or otherwise unfavorable terms.

We may not be profitable for an indeterminate period of time.

We have a limited operating history and did not commence revenue-generating activities until 2016, and did not achieve profitability as of June 30, 2020. We will need to make a significant initial investment to complete construction and begin operations of each of our Terminals, power plants and Liquefaction Facilities, and we will need to make significant additional investments to develop, improve and operate them, as well as all related infrastructure. We also expect to make significant expenditures and investments in identifying, acquiring and/or developing other future projects. We also expect to incur significant expenses in connection with the launch and growth of our business, including costs for LNG purchases, rail and truck transportation, shipping and logistics and personnel. We will need to raise significant additional debt capital to achieve our goals.

We may not be able to achieve profitability, and if we do, we cannot assure you that we would be able to sustain such profitability in the future. Our failure to achieve or sustain profitability would have a material adverse effect on our business.

Our business is heavily dependent upon our international operations, particularly in Jamaica, and any disruption to those operations would adversely affect us.

Our operations in Jamaica began in October 2016, when our Montego Bay Terminal commenced commercial operations, and continue to grow. Jamaica is subject to political instability, acts of terrorism, natural disasters, in particular hurricanes, extreme weather conditions, crime and similar other risks which may negatively impact our operations in the region. We may also be affected by trade restrictions, such as tariffs or other trade controls. Additionally, tourism is a significant driver of economic activity in the Caribbean. As a result, tourism directly and indirectly affects local demand for our LNG and therefore our results of operations. Trends in tourism in the Caribbean are primarily driven by the economic condition of the tourists' home country or territory, the condition of their destination, and the availability, affordability and desirability of air travel and cruises. Additionally, unexpected factors could reduce tourism at any time, including, local or global economic recessions, terrorism, travel restrictions, pandemics, severe weather or natural disasters. If we are unable to continue to leverage on the skills and experience of our international workforce and members of management with experience in the jurisdictions in which we operate to manage such risks, we may be unable to provide LNG at an attractive price and our business could be materially affected.

Because we are currently dependent upon a limited number of customers, the loss of a significant customer could adversely affect our operating results.

A limited number of customers currently represent a substantial majority of our income. Our operating results are currently contingent on our ability to maintain LNG, natural gas, steam and power sales to these customers. At least in the short term, we expect that a substantial majority of our sales will continue to arise from a concentrated number of customers, such as power utilities, railroad companies and industrial end-users. We expect the substantial majority of our revenue for the near future to be from customers in the Caribbean, and as a result, are subject to any risks specific to those customers and the jurisdictions and markets in which they operate. We may be unable to accomplish our business plan to diversify and expand our customer base by attracting a broad array of customers, which could negatively affect our business, results of operations and financial condition.

Our current ability to generate cash is substantially dependent upon the entry into and performance by customers under long-term contracts that we have entered into or will enter into in the near future, and we could be materially and adversely affected if any customer fails to perform its contractual obligations for any reason, including nonpayment and nonperformance, or if we fail to enter into such contracts at all.

Our current results of operations and liquidity are, and will continue to be in the near future, substantially dependent upon performance by JPS, JPC and PREPA, which have each entered into long-term GSAs and, in the case of JPS, a PPA in relation to the power produced at the CHP Plant, with us, and Jamalco, which has entered into a long-term SSA with us. While certain of our long-term contracts contain minimum volume commitments, our expected sales to customers under existing contracts are substantially in excess of such minimum volume commitments. Our near term ability to generate cash is dependent on these customers' continued willingness and ability to continue purchasing our products and services and to perform their obligations under their respective contracts. Their obligations may include certain nomination or operational responsibilities, construction or maintenance of their own facilities which are necessary to enable us to deliver and sell natural gas or LNG, and compliance with certain contractual representations and warranties.

Our credit procedures and policies may be inadequate to sufficiently eliminate risks of nonpayment and nonperformance. In assessing customer credit risk, we use various procedures including background checks which we perform on our potential customers before we enter into a long-term contract with them. As part of the background check, we assess a potential customer's credit profile and financial position, which can include their operating results, liquidity and outstanding debt, and certain macroeconomic factors regarding the region(s) in which they operate. These procedures help us to appropriately assess customer credit risk on a case-by-case basis, but these procedures may not be effective in assessing credit risk in all instances. As part of our business strategy, we intend to target customers who have not been traditional purchasers of natural gas, including customers in developing countries, and these customers may have greater credit risk than typical natural gas purchasers. Therefore, we may be exposed to greater customer credit risk than other companies in the industry. Additionally, we may face difficulties in enforcing our contractual rights against contractual counterparties that have not submitted to the jurisdiction of U.S. courts. Further, adverse economic conditions in our industry increase the risk of nonpayment and nonperformance by customers, particularly customers that have sub-investment grade credit ratings. The COVID-19 pandemic could adversely impact our customers through decreased demand for power due to decreased economic activity and tourism, or through the adverse economic impact of the pandemic on their power customers. The impact of the COVID-19 pandemic, including governmental and other third party responses thereto, on our customers could enhance the risk of nonpayment by such customers under our contracts, which would negatively affect our business, results of operations and financial condition.

In particular, JPS and JPC, which are public utility companies in Jamaica, could be subject to austerity measures imposed on Jamaica by the International Monetary Fund (the "IMF") and other international lending organizations. Jamaica is currently subject to certain public spending limitations imposed by agreements with the IMF, and any changes under these agreements could limit JPS's and JPC's ability to make payments under their long-term GSAs and, in the case of JPS, its ability to make payments under its PPA, with us. In addition, our ability to operate the CHP Plant is dependent on our ability to enforce the related lease. General Alumina Jamaica Limited ("GAJ"), one of the lessors, is a subsidiary of Noble Group, which completed a financial restructuring in 2018. If GAJ is involved in a bankruptcy or similar proceeding, such proceeding could negatively impact our ability to enforce the lease. If we are unable to enforce the lease due to the bankruptcy of GAJ or for any other reason, we could be unable to operate the CHP Plant or to execute on our contracts related thereto, which could negatively affect our business, results of operations and financial condition. In addition, PREPA is currently subject to bankruptcy proceedings pending in the U.S. District Court for the District of Puerto Rico. As a result, PREPA's ability to meet its payment obligations under its contracts will be largely dependent upon funding from the Federal Emergency Management Agency or other sources. PREPA's contracting practices in connection with restoration and repair of PREPA's electrical grid in Puerto Rico, and the terms of certain of those contracts, have been subject to comment and are the subject of review and hearings by U.S. federal and Puerto Rican governmental entities. In the event that PREPA does not have or does not obtain the funds necessary to satisfy obligations to us under our agreement with PREPA or terminates our agreement prior to the end of the agreed term, our financial condition, results of operations and cash flows could be materially and adversely affected.

If any of these customers fails to perform its obligations under its contract for the reasons listed above or for any other reason, our ability to provide products or services and our ability to collect payment could be negatively impacted, which could materially adversely affect our operating results, cash flow and liquidity, even if we were ultimately successful in seeking damages from such customer for a breach of contract.

Our contracts with our customers are subject to termination under certain circumstances.

Our contracts with our customers contain various termination rights. For example, each of our long-term customer contracts, including the contracts with JPS, JPC, Jamalco and PREPA, contain various termination rights allowing our customers to terminate the contract, including, without limitation:

- upon the occurrence of certain events of force majeure;
- if we fail to make available specified scheduled cargo quantities;
- the occurrence of certain uncured payment defaults;
- the occurrence of an insolvency event;
- the occurrence of certain uncured, material breaches; and
- if we fail to commence commercial operations or achieve financial close within the agreed timeframes.

We may not be able to replace these contracts on desirable terms, or at all, if they are terminated. Contracts that we enter into in the future may contain similar provisions. If any of our current or future contracts are terminated, such termination could have a material adverse effect on our business, contracts, financial condition, operating results, cash flows, liquidity and prospects.

Cyclical or other changes in the demand for and price of LNG and natural gas may adversely affect our business and the performance of our customers and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flows, liquidity and prospects.

Our business and the development of energy-related infrastructure and projects generally is based on assumptions about the future availability and price of natural gas and LNG and the prospects for international natural gas and LNG markets. Natural gas and LNG prices have at various times been and may become volatile due to one or more of the following factors:

- additions to competitive regasification capacity in North America, Europe, Asia and other markets, which could divert LNG or natural gas from our business;
- imposition of tariffs by China or any other jurisdiction on imports of LNG from the United States;
- insufficient or oversupply of natural gas liquefaction or export capacity worldwide;
- insufficient LNG tanker capacity;
- weather conditions and natural disasters;
- reduced demand and lower prices for natural gas;
- increased natural gas production deliverable by pipelines, which could suppress demand for LNG;
- decreased oil and natural gas exploration activities, including shut-ins and possible proration, which have begun and may continue to decrease the production of natural gas;
- cost improvements that allow competitors to offer LNG regasification services at reduced prices;
- changes in supplies of, and prices for, alternative energy sources such as coal, oil, nuclear, hydroelectric, wind and solar energy, which may reduce the demand for natural gas;
- changes in regulatory, tax or other governmental policies regarding imported or exported LNG, natural gas or alternative energy sources, which may reduce the demand for imported or exported LNG and/or natural gas;
- political conditions in natural gas producing regions;
- adverse relative demand for LNG compared to other markets, which may decrease LNG imports into or exports from North America; and
- cyclical trends in general business and economic conditions that cause changes in the demand for natural gas.

Adverse trends or developments affecting any of these factors, including the timing of the impact of these factors in relation to our purchases and sales of natural gas and LNG – in particular prior to our Pennsylvania Facility becoming operational - could result in increases in the prices we have to pay for natural gas or LNG, which could materially and adversely affect the performance of our customers, and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flows, liquidity and prospects. The COVID-19 pandemic and certain actions by OPEC related to the supply of oil in the market have caused significant volatility and disruption in the price of oil which may negatively impact our potential customers' willingness or ability to enter into new contracts for the purchase of natural gas. Additionally, in situations where our supply chain has capacity constraints and as a result we are unable to receive all volumes under our long term LNG supply agreements, our supplier may sell volumes of LNG in a mitigation sale to third parties. In these cases, the factors above may impact the price and amount we receive under mitigation sales and we may incur losses that would have an adverse impact on our financial condition, results of operations and cash flows. For example, among other reasons and because spot market LNG prices in the second quarter of 2020 were significantly lower than the price at which we had previously contracted to purchase LNG, we terminated our contractual obligation to purchase LNG for the remainder of 2020 in order to purchase LNG at lower prices on the spot market during that period in exchange for a one-time payment of $105 million. There can be no assurance we will achieve our target cost or pricing goals. In particular, because we have not currently procured fixed-price, long-term LNG supply to meet all future customer demand, increases in LNG prices and/or shortages of LNG supply could adversely affect our profitability. Additionally, we intend to rely on long-term, largely fixed-price contracts for the feedgas that we need in order to manufacture and sell our LNG. Our actual costs and any profit realized on the sale of our LNG may vary from the estimated amounts on which our contracts for feedgas were originally based. There is inherent risk in the estimation process, including significant changes in the demand for and price of LNG as a result of the factors listed above, many of which are outside of our control.

We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

Our ability to make scheduled payments on or to refinance our existing or future debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to fund our day-to-day operations or to pay the principal, premium, if any, and interest on our indebtedness. As of December 31, 2018, we had $280.0 million of total indebtedness outstanding, excluding deferred financing costs. On January 10, 2020, the Company entered into a Credit Agreement to borrow $800 million in term loans (the "Credit Agreement"). On January 15, 2020, all outstanding principal and interest under the Term Loan Facility was paid in full, and the remainder of the proceeds of the Credit Agreement increased the Company's cash on hand available to invest in our development projects. See "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" in this Quarterly Report for more information on our Term Loan Facility, Credit Agreement, Senior Secured Bonds and Senior Unsecured Bonds.

If our cash flows and capital resources are insufficient to fund our debt service obligations and other cash requirements, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to sell assets or operations, seek additional capital or restructure or refinance our indebtedness or operations. We may not be able to implement any such alternative measures, if necessary, on commercially reasonable terms or at all and, even if successful, such alternative actions may not allow us to meet our scheduled debt service obligations. The agreements that govern our indebtedness restrict our ability to dispose of assets and use the proceeds from any such dispositions and our ability to raise debt capital to be used to repay our indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, would materially and adversely affect our financial position and results of operations and our ability to satisfy our obligations.

If we cannot make scheduled payments on our debt, we will be in default and, as a result, lenders under any of our existing and future indebtedness could declare all outstanding principal and interest to be due and payable, the lenders under our debt instruments could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing such borrowings and we could be forced into bankruptcy or liquidation.

The agreements governing our indebtedness place restrictions on us and our subsidiaries, reducing operational and financing flexibility and creating default risks.

The agreements governing our indebtedness, including, but not limited to, the Credit Agreement, entered into on January 10, 2020, contain covenants that place restrictions on us and our subsidiaries. The terms governing the Credit Agreement restrict among other things, our and certain of our subsidiaries' ability to:

- merge, consolidate or transfer all, or substantially all, of our assets;
- incur additional debt or issue preferred shares;
- make certain investments or acquisitions;
- create liens on our or our subsidiaries' assets;
- sell assets;
- pay dividends or otherwise make distributions on or repurchase our shares;
- enter into transactions with affiliates; and
- create dividend restrictions and other payment restrictions that affect our subsidiaries.

In addition, our failure to satisfy certain covenants and tests can result in an event of default. These covenants could impair our ability to grow our business, take advantage of attractive business opportunities or successfully compete. In addition, these covenants could restrict our ability to optimize our capital structure with asset-level debt or equity financings. A breach of any of these covenants could result in an event of default. Cross-default provisions in certain of our agreements mean that an event of default under certain of our commercial agreements could trigger an event of default under one of our other agreements, including our debt agreements. Upon the occurrence of an event of default under any of our debt agreements, the lenders or holders thereof could elect to declare all outstanding debt under such agreements to be immediately due and payable, the lenders under our debt instruments could terminate their commitments to loan money, our secured lenders could foreclose against the assets securing such borrowings and we could be forced into bankruptcy or liquidation.

Failure to maintain sufficient working capital could limit our growth and harm our business, financial condition and results of operations.

We have significant working capital requirements, primarily driven by the delay between the purchase of and payment for natural gas and the extended payment terms that we offer our customers. Differences between the date when we pay our suppliers and the date when we receive payments from our customers may adversely affect our liquidity and our cash flows. We expect our working capital needs to increase as our total business increases. If we do not have sufficient working capital, we may not be able to pursue our growth strategy, respond to competitive pressures or fund key strategic initiatives, such as the development of our facilities, which may harm our business, financial condition and results of operations.

Operation of our LNG infrastructure and other facilities that we may construct involves significant risks.

As more fully discussed in our Annual Report and elsewhere in this Quarterly Report, our existing facilities and expected future facilities face operational risks, including, but not limited to, the following: performing below expected levels of efficiency, breakdowns or failures of equipment, operational errors by trucks, including trucking accidents while transporting natural gas, tankers or tug operators, operational errors by us or any contracted facility operator, labor disputes and weather-related or natural disaster interruptions of operations.

Any of these risks could disrupt our operations and increase our costs, which would adversely affect our business, operating results, cash flows and liquidity.

The operation of the CHP Plant and other power plants will involve particular, significant risks.

The operation of the CHP Plant and other power plants that we operate in the future will involve particular, significant risks, including, among others: failure to maintain the required power generation license(s) or other permits required to operate the power plants; pollution or environmental contamination affecting operation of the power plants; the inability, or failure, of any counterparty to any plant-related agreements to perform their contractual obligations to us including, but not limited to, the lessor’s obligations to us under the CHP Plant lease; decreased demand for power produced, including as a result of the COVID-19 pandemic; and planned and unplanned power outages due to maintenance, expansion and refurbishment. We cannot assure you that future occurrences of any of the events listed above or any other events of a similar or dissimilar nature would not significantly decrease or eliminate the revenues from, or significantly increase the costs of operating, the CHP Plant or other power plants. If the CHP Plant or other power plants are unable to generate or deliver power or steam, as applicable, to our customers, such customers may not be required to make payments under their respective agreements so long as the event continues. Certain customers may have the right to terminate those agreements for certain failures to generate or deliver power or steam, as applicable, and we may not be able to enter into a replacement agreement on terms as favorable as the terminated agreement. In addition, such termination may give rise to termination or other rights under related agreements including related leases. As a consequence, there may be reduced or no revenues from one or more of our power plants, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Global climate change may in the future increase the frequency and severity of weather events and the losses resulting therefrom, which could have a material adverse effect on the economies in the markets in which we operate or plan to operate in the future and therefore on our business.

Over the past several years, changing weather patterns and climatic conditions, such as global warming, have added to the unpredictability and frequency of natural disasters in certain parts of the world, including the markets in which we operate and intend to operate, and have created additional uncertainty as to future trends. There is a growing consensus today that climate change increases the frequency and severity of extreme weather events and, in recent years, the frequency of major weather events appears to have increased. We cannot predict whether or to what extent damage that may be caused by natural events, such as severe tropical storms and hurricanes, will affect our operations or the economies in our current or future market areas, but the increased frequency and severity of such weather events could increase the negative impacts to economic conditions in these regions and result in a decline in the value or the destruction of our liquefiers and downstream facilities or affect our ability to transmit LNG. In particular, if one of the regions in which our Terminals are operating or under development is impacted by such a natural catastrophe in the future, it could have a material adverse effect on our business. Further, the economies of such impacted areas may require significant time to recover and there is no assurance that a full recovery will occur. Even the threat of a severe weather event could impact our business, financial condition or the price of our Class A shares.

Hurricanes or other natural or manmade disasters could result in an interruption of our operations, a delay in the completion of our infrastructure projects, higher construction costs or the deferral of the dates on which payments are due under our customer contracts, all of which could adversely affect us.

Storms and related storm activity and collateral effects, or other disasters such as explosions, fires, seismic events, floods or accidents, could result in damage to, or interruption of operations in our supply chain, including at our facilities or related infrastructure, as well as delays or cost increases in the construction and the development of our proposed facilities or other infrastructure. Changes in the global climate may have significant physical effects, such as increased frequency and severity of storms, floods and rising sea levels; if any such effects were to occur, they could have an adverse effect on our marine and coastal operations. Due to the concentration of our current and anticipated operations in Southern Florida and the Caribbean, we are particularly exposed to the risks posed by hurricanes, tropical storms and their collateral effects. For example, the 2017 Atlantic hurricane season caused extensive and costly damage across Florida and the Caribbean, including Puerto Rico. In addition, earthquakes which occurred near Puerto Rico in January 2020 resulted in a temporary delay of development of our Puerto Rico projects. We are unable to predict with certainty the impact of future storms on our customers, our infrastructure or our operations.

If one or more tankers, terminals, pipelines, facilities, equipment or electronic systems that we own, lease or operate or that deliver products to us or that supply our facilities and customers' facilities are damaged by severe weather or any other disaster, accident, catastrophe, terrorist or cyber-attack or event, our operations and construction projects could be delayed and our operations could be significantly interrupted. These delays and interruptions could involve significant damage to people, property or the environment, and repairs could take a week or less for a minor incident to six months or more for a major interruption. Any event that interrupts the revenues generated by our operations or that causes us to make significant expenditures not covered by insurance could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

We do not, nor do we intend to, maintain insurance against all of these risks and losses. We may not be able to maintain desired or required insurance in the future at rates that we consider reasonable. The occurrence of a significant event not fully insured or indemnified against could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Information technology failures and cyberattacks could affect us significantly.

We rely on electronic systems and networks to communicate, control and manage our operations and prepare our financial management and reporting information. If we record inaccurate data or experience infrastructure outages, our ability to communicate and control and manage our business could be adversely affected.

We face various security threats, including cybersecurity threats from third parties and unauthorized users to gain unauthorized access to sensitive information or to render data or systems unusable, threats to the security of our facilities and infrastructure or third-party facilities and infrastructure, such as processing plants and pipelines, and threats from terrorist acts. Our implementation of various procedures and controls to monitor and mitigate security threats and to increase security for our information, facilities and infrastructure may result in increased capital and operating costs. Moreover, there can be no assurance that such procedures and controls will be sufficient to prevent security breaches from occurring. If security breaches were to occur, they could lead to losses of sensitive information, critical infrastructure or capabilities essential to our operations. If we were to experience an attack and our security measures failed, the potential consequences to our business and the communities in which we operate could be significant and could harm our reputation and lead to financial losses from remedial actions, loss of business or potential liability.

Our insurance may be insufficient to cover losses that may occur to our property or result from our operations.

Our current operations and future projects are subject to the inherent risks associated with LNG, natural gas and power operations, including explosions, pollution, release of toxic substances, fires, seismic events, hurricanes and other adverse weather conditions, and other hazards, each of which could result in significant delays in commencement or interruptions of operations and/or result in damage to or destruction of the our facilities and assets or damage to persons and property. In addition, such operations and the vessels of third parties on which our current operations and future projects may be dependent face possible risks associated with acts of aggression or terrorism. Some of the regions in which we operate are affected by hurricanes or tropical storms. We do not, nor do we intend to, maintain insurance against all of these risks and losses. In particular, we do not carry business interruption insurance for hurricanes and other natural disasters. Therefore, the occurrence of one or more significant events not fully insured or indemnified against could create significant liabilities and losses which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

We may be unable to procure adequate insurance coverage at commercially reasonable rates in the future. For example, environmental regulations have led in the past to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution. A catastrophic release of natural gas, marine disaster or natural disasters could result in losses that exceed our insurance coverage, which could harm our business, financial condition and operating results. Any uninsured or underinsured loss could harm our business and financial condition. In addition, our insurance may be voidable by the insurers as a result of certain of our actions.

We intend to operate in jurisdictions that have experienced and may in the future experience significant political volatility. Our projects and developments could be negatively impacted by political disruption including risks of delays to our development timelines and delays related to regime change in the jurisdictions in which we intend to operate. We do not carry political risk insurance today. If we choose to carry political risk insurance in the future, it may not be adequate to protect us from loss, which may include losses as a result of project delays or losses as a result of business interruption related to a political disruption. Any attempt to recover from loss from political disruption may be time-consuming and expensive, and the outcome may be uncertain.

Changes in the insurance markets attributable to terrorist attacks or political change may also make certain types of insurance more difficult for us to obtain. In addition, the insurance that may be available may be significantly more expensive than our existing coverage.

We are unable to predict the extent to which the global COVID-19 pandemic will negatively affect our operations, financial performance, ability to achieve our strategic objectives. We are also unable to predict how this global pandemic may affect our customers and suppliers.

The COVID-19 pandemic has caused, and is expected to continue to cause, a global economic slowdown, disruptions in global supply chains, significant volatility and disruption of financial markets and in the price of oil. In addition, the pandemic has made travel and commercial activity significantly more cumbersome and less efficient compared to pre-pandemic conditions.

Because the severity, magnitude and duration of the COVID-19 pandemic and its economic consequences are uncertain, rapidly changing and difficult to predict, the pandemic’s impact on our operations and financial performance, as well as its impact on our ability to successfully execute our business strategies and initiatives, remains uncertain and difficult to predict. Further, the ultimate impact of the COVID-19 pandemic on our operations and financial performance depends on many factors that are not within our control, including, but not limited, to: governmental, business and individuals’ actions that have been and continue to be taken in response to the pandemic (including restrictions on travel and transport and workforce pressures); the impact of the pandemic and actions taken in response on global and regional economies, travel, and economic activity; the availability of federal, state, local or non-U.S. funding programs; general economic uncertainty in key global markets and financial market volatility; global economic conditions and levels of economic growth; and the pace of recovery when the COVID-19 pandemic subsides.

The COVID-19 pandemic has subjected our operations, financial performance and financial condition to a number of risks, including, but not limited operations, customer and financial risks. Although the services we provide are generally deemed essential, we may face negative impacts from increased operational challenges based on the need to protect employee health and safety, workplace disruptions and restrictions on the movement of people including our employees and subcontractors, and disruptions to supply chains related to raw materials and goods both at our own facilities and at customers and suppliers. We may also experience a lower demand for natural gas at our existing customers and a decrease in interest from potential customers as a result of the pandemic’s impact on the price of available fuel options, including oil-based fuels. We may experience customer requests for potential payment deferrals or other contract modifications and delays of potential or ongoing construction projects due to government guidance or customer requests. Conditions in the financial and credit markets may limit the availability of funding and pose heightened risks to future financings we may require. These and other factors we cannot anticipate could adversely affect our business, financial position and results of operations. We expect that the longer this period of economic and global supply chain and disruption continues, the greater the uncertainty will be regarding the possible adverse impact on our business operations, financial performance and results of operations.

From time to time, we may be involved in legal proceedings and may experience unfavorable outcomes.

In the future we may be subject to material legal proceedings in the course of our business, including, but not limited to, actions relating to contract disputes, business practices, intellectual property and other commercial and tax matters. Such legal proceedings may involve claims for substantial amounts of money or for other relief or might necessitate changes to our business or operations, and the defense of such actions may be both time-consuming and expensive. Further, if any such proceedings were to result in an unfavorable outcome, it could have a material adverse effect on our business, financial position and results of operations.

Our success depends on key members of our management, the loss of any of whom could disrupt our business operations.

We depend to a large extent on the services of our chief executive officer, Wesley R. Edens, and some of our other executive officers. Mr. Edens does not have an employment agreement with us. The loss of the services of Mr. Edens or one or more of our other key executives could disrupt our operations and increase our exposure to the other risks described in this "Item 1A. Risk Factors." We do not maintain key man insurance on Mr. Edens or any of our employees. As a result, we are not insured against any losses resulting from the death of our key employees.

Our construction of energy-related infrastructure is subject to operational, regulatory, environmental, political, legal and economic risks, which may result in delays, increased costs or decreased cash flows.

The construction of energy-related infrastructure, including our Terminals and Liquefaction Facilities, as well as other future projects, involves numerous operational, regulatory, environmental, political, legal and economic risks beyond our control and may require the expenditure of significant amounts of capital during construction and thereafter. These potential risks include, among other things, the following:

- we may be unable to complete construction projects on schedule or at the budgeted cost due to the unavailability of required construction personnel or materials, accidents or weather conditions;
- we may issue change orders under existing or future engineering, procurement and construction ("EPC") contracts resulting from the occurrence of certain specified events that may give our customers the right to cause us to enter into change orders or resulting from changes with which we otherwise agree;
- we will not receive any material increase in operating cash flows until a project is completed, even though we may have expended considerable funds during the construction phase, which may be prolonged;
- we may construct facilities to capture anticipated future energy consumption growth in a region in which such growth does not materialize;
- the completion or success of our construction projects may depend on the completion of a third-party construction project (e.g., additional public utility infrastructure projects) that we do not control and that may be subject to numerous additional potential risks, delays and complexities;
- the purchase of the project company holding the rights to develop and operate the Ireland Terminal is subject to a number of contingencies, many of which are beyond our control and could cause us not to acquire the remaining interests of the project company or cause a delay in the construction of our Ireland Terminal;
- we may not be able to obtain key permits or land use approvals including those required under environmental laws on terms that are satisfactory for our operations and on a timeline that meets our commercial obligations, and there may be delays, perhaps substantial in length, such as in the event of challenges by citizens groups or non-governmental organizations, including those opposed to fossil fuel energy sources;
- we may be (and have been in select circumstances) subject to local opposition, including the efforts by environmental groups, which may attract negative publicity or have an adverse impact on our reputation; and
- we may be unable to obtain rights-of-way to construct additional energy-related infrastructure or the cost to do so may be uneconomical.

A materialization of any of these risks could adversely affect our ability to achieve growth in the level of our cash flows or realize benefits from future projects, which could have a material adverse effect on our business, financial condition and results of operations.

We expect to be dependent on our primary building contractor and other contractors for the successful completion of our energy-related infrastructure.

Timely and cost-effective completion of our energy-related infrastructure, including our Terminals and Liquefaction Facilities, as well as future projects, in compliance with agreed specifications is central to our business strategy and is highly dependent on the performance of our primary building contractor and our other contractors under our agreements with them. The ability of our primary building contractor and our other contractors to perform successfully under their agreements with us is dependent on a number of factors, including their ability to:

- design and engineer each of our facilities to operate in accordance with specifications;
- engage and retain third-party subcontractors and procure equipment and supplies;
- respond to difficulties such as equipment failure, delivery delays, schedule changes and failures to perform by subcontractors, some of which are beyond their control;
- attract, develop and retain skilled personnel, including engineers;
- post required construction bonds and comply with the terms thereof;
- manage the construction process generally, including coordinating with other contractors and regulatory agencies; and
- maintain their own financial condition, including adequate working capital.

Until and unless we have entered into an EPC contract for a particular project, in which the EPC contractor agrees to meet our planned schedule and projected total costs for a project, we are subject to potential fluctuations in construction costs and other related project costs. Although some agreements may provide for liquidated damages if the contractor fails to perform in the manner required with respect to certain of its obligations, the events that trigger a requirement to pay liquidated damages may delay or impair the operation of the applicable facility, and any liquidated damages that we receive may be delayed or insufficient to cover the damages that we suffer as a result of any such delay or impairment. The obligations of our primary building contractor and our other contractors to pay liquidated damages under their agreements with us are subject to caps on liability, as set forth therein. Furthermore, we may have disagreements with our contractors about different elements of the construction process, which could lead to the assertion of rights and remedies under their contracts and increase the cost of the applicable facility or result in a contractor's unwillingness to perform further work. We may hire contractors to perform work in jurisdictions where they do not have previous experience, or contractors we have not previously hired to perform work in jurisdictions we are beginning to develop, which may lead to such contractors being unable to perform according to its respective agreement. If any contractor is unable or unwilling to perform according to the negotiated terms and timetable of its respective agreement for any reason or terminates its agreement for any reason, we would be required to engage a substitute contractor, which could be particularly difficult in certain of the markets in which we plan to operate. This would likely result in significant project delays and increased costs, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

In addition, if our contractors are unable or unwilling to perform according to their respective agreements with us, our projects may be delayed and we may face contractual consequences in our agreements with our customers, including for development services, the supply of natural gas, LNG or steam and the supply of power. We may be required to pay liquidated damages, face increased expenses or reduced revenue, and may face issues complying with certain covenants in such customer agreements or in our financings. We may not have full protection to seek payment from our contractors to compensate us for such payments and other consequences.

We are relying on third-party engineers to estimate the future rated capacity and performance capabilities of our existing and future facilities, and these estimates may prove to be inaccurate.

We are relying on third parties for the design and engineering services underlying our estimates of the future rated capacity and performance capabilities of our Terminals and Liquefaction Facilities, as well as other future projects. If any of these facilities, when actually constructed, fails to have the rated capacity and performance capabilities that we intend, our estimates may not be accurate. Failure of any of our existing or future facilities to achieve our intended future capacity and performance capabilities could prevent us from achieving the commercial start dates under our customer contracts and could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

We perform development or construction services from time to time, which are subject to a variety of risks unique to these activities.

From time to time, we may agree to provide development or construction services as part of our customer contracts and such services are subject to a variety of risks unique to these activities. If construction costs of a project exceed original estimates, such costs may have to be absorbed by us, thereby making the project less profitable than originally estimated, or possibly not profitable at all. In addition, a construction project may be delayed due to government or regulatory approvals, supply shortages, or other events and circumstances beyond our control, or the time required to complete a construction project may be greater than originally anticipated. For example, the conversion of Unit 5 and 6 in the Combined Cycle Power Plant in San Juan, Puerto Rico was delayed in part due to the earthquakes that occurred near Puerto Rico in January 2020 and third party delays.

We rely on third-party subcontractors and equipment manufacturers to complete many of our projects. To the extent that we cannot engage subcontractors or acquire equipment or materials in the amounts and at the costs originally estimated, our ability to complete a project in a timely fashion or at a profit may be impaired. If the amount we are required to pay for these goods and services exceeds the amount we have estimated in bidding for fixed-price contracts, we could experience losses in the performance of these contracts. In addition, if a subcontractor or a manufacturer is unable to deliver its services, equipment or materials according to the negotiated terms for any reason including, but not limited to, the deterioration of its financial condition, we may be required to purchase the services, equipment or materials from another source at a higher price. This may reduce the profit we expect to realize or result in a loss on a project for which the services, equipment or materials were needed.

If any such excess costs or project delays were to be material, such events may adversely affect our cash flow and liquidity.

We may not be able to purchase or receive physical delivery of natural gas in sufficient quantities and/or at economically attractive prices to satisfy our delivery obligations under the GSAs, PPA and SSA, which could have a material adverse effect on us.

Under the GSAs with JPS, JPC and PREPA, we are required to deliver to JPS, JPC and PREPA specified amounts of natural gas at specified times, while under the SSA with Jamalco, we are required to deliver steam, and under the PPA with JPS, we are required to deliver power, each of which also requires us to obtain sufficient amounts of LNG. However, we may not be able to purchase or receive physical delivery of sufficient quantities of LNG to satisfy those delivery obligations, which may provide JPS or JPC or PREPA or Jamalco with the right to terminate its GSA, PPA or SSA, as applicable. In addition, price fluctuations in natural gas and LNG may make it expensive or uneconomical for us to acquire adequate supply of these items or to sell our inventory of natural gas or LNG at attractive prices.

We are dependent upon third-party LNG suppliers and shippers and other tankers and facilities to provide delivery options to and from our tankers and energy-related infrastructure. If LNG were to become unavailable for current or future volumes of natural gas due to repairs or damage to supplier facilities or tankers, lack of capacity, impediments to international shipping or any other reason, our ability to continue delivering natural gas, power or steam to end-users could be restricted, thereby reducing our revenues. Additionally, under tanker charters, we will be obligated to make payments for our chartered tankers regardless of use. We may not be able to enter into contracts with purchasers of LNG in quantities equivalent to or greater than the amount of tanker capacity we have purchased. If any third parties, such as the affiliate of Chesapeake that is party to our Chesapeake GSA, were to default on their obligations under our contracts or seek bankruptcy protection, we may not be able to replace such contacts or purchase or receive a sufficient quantity of natural gas in order to satisfy our delivery obligations under our GSAs, PPA and SSA with LNG produced at our own Liquefaction Facilities. Any permanent interruption at any key LNG supply chains that caused a material reduction in volumes transported on or to our tankers and facilities could have a material adverse effect on our business, financial condition, operating results, cash flow, liquidity and prospects.

While we have entered into contracts with a third party to purchase a substantial portion of our currently contracted and expected LNG volumes through 2030, we will need to purchase significant additional LNG volumes to meet our delivery obligations to our downstream customers. Failure to secure contracts for the purchase of a sufficient amount of natural gas could materially and adversely affect our business, operating results, cash flows and liquidity.

Recently, the LNG industry has experienced increased volatility. If market disruptions and bankruptcies of third-party LNG suppliers and shippers negatively impacts our ability to purchase a sufficient amount of LNG or significantly increases our costs for purchasing LNG, our business, operating results, cash flows and liquidity could be materially and adversely affected. There can be no assurances that we will complete the Pennsylvania Facility or be able to supply our facilities with LNG produced at our own facilities. Even if we do complete the Pennsylvania Facility, there can be no assurance that it will operate as we expect or that we will succeed in our goal of reducing the risk to our operations of future LNG price variations.

We face competition based upon the international market price for LNG or natural gas.

Our business is subject to the risk of natural gas and LNG price competition at times when we need to replace any existing customer contract, whether due to natural expiration, default or otherwise, or enter into new customer contracts. Factors relating to competition may prevent us from entering into new or replacement customer contracts on economically comparable terms to existing customer contracts, or at all. Such an event could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects. Factors which may negatively affect potential demand for natural gas from our business are diverse and include, among others:

- increases in worldwide LNG production capacity and availability of LNG for market supply;
- increases in demand for natural gas but at levels below those required to maintain current price equilibrium with respect to supply;
- increases in the cost to supply natural gas feedstock to our liquefaction projects;
- increases in the cost to supply LNG feedstock to our facilities;
- decreases in the cost of competing sources of natural gas, LNG or alternate fuels such as coal, heavy fuel oil and ADO;
- decreases in the price of LNG; and
- displacement of LNG or fossil fuels more broadly by alternate fuels or energy sources or technologies (including but not limited to nuclear, wind, solar, biofuels and batteries) in locations where access to these energy sources is not currently available or prevalent.

In addition, we may not be able to successfully execute on our strategy to supply our existing and future customers with LNG produced primarily at our own facilities upon completion of the Pennsylvania Facility. See "—We have not yet completed contracting, construction and commissioning of all of our Terminals and Liquefaction Facilities. There can be no assurance that our Terminals and Liquefaction Facilities will operate as expected, or at all."

Technological innovation may impair the economic attractiveness of our projects.

The success of our current operations and future projects will depend in part on our ability to create and maintain a competitive position in the natural gas liquefaction industry. In particular, although we plan to build out our delivery logistics chain in Northern Pennsylvania using proven technologies such as those currently in operation at our Miami Facility, we do not have any exclusive rights to any of these technologies. In addition, such technologies may be rendered obsolete or uneconomical by legal or regulatory requirements, technological advances, more efficient and cost-effective processes or entirely different approaches developed by one or more of our competitors or others, which could materially and adversely affect our business, ability to realize benefits from future projects, results of operations, financial condition, liquidity and prospects.

Changes in legislation and regulations could have a material adverse impact on our business, results of operations, financial condition, liquidity and prospects.

Our business is subject to numerous governmental laws, rules, regulations and requires permits that impose various restrictions and obligations that may have material effects on our results of operations. In addition, each of the applicable regulatory requirements and limitations is subject to change, either through new regulations enacted on the federal, state or local level, or by new or modified regulations that may be implemented under existing law. The nature and extent of any changes in these laws, rules, regulations and permits may be unpredictable and may have material effects on our business. Future legislation and regulations or changes in existing legislation and regulations, or interpretations thereof, such as those relating to the liquefaction, storage, or regasification of LNG, or its transportation could cause additional expenditures, restrictions and delays in connection with our operations as well as other future projects, the extent of which cannot be predicted and which may require us to limit substantially, delay or cease operations in some circumstances. Revised, reinterpreted or additional laws and regulations that result in increased compliance costs or additional operating costs and restrictions could have an adverse effect on our business, the ability to expand our business, including into new markets, results of operations, financial condition, liquidity and prospects.

Increasing trucking regulations may increase our costs and negatively impact our results of operations.

We are developing a transportation system specifically dedicated to transporting LNG from our Liquefaction Facilities to a nearby port, from which our LNG can be transported to our operations in the Atlantic Basin and elsewhere. This transportation system may include trucks that we or our affiliates own and operate. Any such operations would be subject to various trucking safety regulations, including those which are enacted, reviewed and amended by the Federal Motor Carrier Safety Administration ("FMCSA"). These regulatory authorities exercise broad powers, governing activities such as the authorization to engage in motor carrier operations, driver licensing, insurance requirements, financial reporting and review of certain mergers, consolidations and acquisitions, and transportation of hazardous materials. To a large degree, intrastate motor carrier operations are subject to state and/or local safety regulations that mirror federal regulations but also regulate the weight and size dimensions of loads.

All federally regulated carriers' safety ratings are measured through a program implemented by the FMCSA known as the Compliance Safety Accountability ("CSA") program. The CSA program measures a carrier's safety performance based on violations observed during roadside inspections as opposed to compliance audits performed by the FMCSA. The quantity and severity of any violations are compared to a peer group of companies of comparable size and annual mileage. If a company rises above a threshold established by the FMCSA, it is subject to action from the FMCSA. There is a progressive intervention strategy that begins with a company providing the FMCSA with an acceptable plan of corrective action that the company will implement. If the issues are not corrected, the intervention escalates to on-site compliance audits and ultimately an "unsatisfactory" rating and the revocation of the company's operating authority by the FMCSA, which could result in a material adverse effect on our business and consolidated results of operations and financial position.

Any trucking operations would be subject to possible regulatory and legislative changes that may increase our costs. Some of these possible changes include changes in environmental regulations, changes in the hours of service regulations which govern the amount of time a driver may drive or work in any specific period, onboard black box recorder device requirements or limits on vehicle weight and size.

We may not be able to renew or obtain new or favorable charters or leases, which could adversely affect our business, prospects, financial condition, results of operations and cash flows.

We have obtained long-term leases and corresponding rights-of-way agreements with respect to the land on which the Jamaica Terminals, the pipeline connecting the Montego Bay Terminal to the Bogue Power Plant, the Miami Facility, the San Juan Facility and the CHP Plant are situated. However, we do not own the land. As a result, we are subject to the possibility of increased costs to retain necessary land use rights as well as local law. If we were to lose these rights or be required to relocate, our business could be materially and adversely affected. The Miami Facility is currently located on land we are leasing from an affiliate. Any payments under the existing lease or future modifications or extensions to the lease could involve transacting with an affiliate. We have also entered into LNG tanker charters in order to secure shipping capacity for our import of LNG to the Jamaica Terminals.

Our ability to renew existing charters or leases for our current projects or obtain new charters or leases for our future projects will depend on prevailing market conditions upon expiration of the contracts governing the leasing or charter of the applicable assets. Therefore, we may be exposed to increased volatility in terms of rates and contract provisions. Likewise, our counterparties may seek to terminate or renegotiate their charters or leases with us. If we are not able to renew or obtain new charters or leases in direct continuation, or if new charters or leases are entered into at rates substantially above the existing rates or on terms otherwise less favorable compared to existing contractual terms, our business, prospects, financial condition, results of operations and cash flows could be materially adversely affected.

We may not be able to successfully enter into contracts or renew existing contracts to charter tankers in the future, which may result in us not being able to meet our obligations.

We enter into time charters of ocean-going tankers for the transportation of LNG, which extend for varying lengths of time. We may not be able to successfully enter into contracts or renew existing contracts to charter tankers in the future, which may result in us not being able to meet our obligations. We are also exposed to changes in market rates and availability for tankers, which may affect our earnings. Fluctuations in rates result from changes in the supply of and demand for capacity and changes in the demand for seaborne carriage of commodities. Because the factors affecting the supply and demand are outside of our control and are unpredictable, the nature, timing, direction and degree of changes in industry conditions are also unpredictable.

We rely on the operation of tankers under our time charters and ship-to-ship kits to transfer LNG between ships. The operation of ocean-going tankers and kits carries inherent risks. These risks include the possibility of:

- natural disasters;
- mechanical failures;
- grounding, fire, explosions and collisions;
- piracy;
- human error; and
- war and terrorism.

We do not currently maintain a redundant supply of ships, ship-to-ship kits or other equipment. As a result, if our current equipment fails, is unavailable or insufficient to service our LNG purchases, production, or delivery commitments we may need to procure new equipment, which may not be available or be expensive to obtain. Any such occurrence could delay the start of operations of facilities we intend to commission, interrupt our existing operations and increase our operating costs. Any of these results could have a material adverse effect on our business, financial condition and operating results.

The operation of LNG carriers is inherently risky, and an incident resulting in significant loss or environmental consequences involving an LNG vessel could harm our reputation and business.

Cargoes of LNG and our chartered vessels are at risk of being damaged or lost because of events such as:

- marine disasters;
- piracy;
- bad weather;
- mechanical failures;
- environmental accidents;
- grounding, fire, explosions and collisions;
- human error; and
- war and terrorism.

An accident involving our cargoes or any of our chartered vessels could result in any of the following:

- death or injury to persons, loss of property or environmental damage;
- delays in the delivery of cargo;
- loss of revenues;
- termination of charter contracts;
- governmental fines, penalties or restrictions on conducting business;
- higher insurance rates; and
- damage to our reputation and customer relationships generally.

Any of these circumstances or events could increase our costs or lower our revenues.

If our chartered vessels suffer damage as a result of such an incident, they may need to be repaired. The loss of earnings while these vessels are being repaired would decrease our results of operations. If a vessel we charter were involved in an accident with the potential risk of environmental impacts or contamination, the resulting media coverage could have a material adverse effect on our reputation, our business, our results of operations and cash flows and weaken our financial condition.

Our chartered vessels operating in international waters, now or in the future, will be subject to various international and local laws and regulations relating to protection of the environment.

Our chartered vessels' operations in international waters and in the territorial waters of other countries are regulated by extensive and changing international, national and local environmental protection laws, regulations, treaties and conventions in force in international waters, the jurisdictional waters of the countries in which our vessels operate, as well as the countries of our vessels' registration, including those governing oil spills, discharges to air and water and the handling and disposal of hazardous substances and wastes. The International Maritime Organization ("IMO") International Convention for the Prevention of Pollution from Ships of 1973, as amended from time to time, and generally referred to as "MARPOL," can affect operations of our chartered vessels. In addition, our chartered LNG vessels may become subject to the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (the "HNS Convention"), adopted in 1996 and subsequently amended by a Protocol to the HNS Convention in April 2010. Other regulations include, but are not limited to, the designation of Emission Control Areas under MARPOL, the IMO International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended from time to time, the International Convention on Civil Liability for Bunker Oil Pollution Damage, the IMO International Convention for the Safety of Life at Sea of 1974, as amended from time to time, the International Safety Management Code for the Safe Operations of Ships and for Pollution Prevention, the IMO International Convention on Load Lines of 1966, as amended from time to time and the International Convention for the Control and Management of Ships' Ballast Water and Sediments in February 2004.

Moreover, the overall trends are towards more regulations and more stringent requirements which are likely to add to our costs of doing business. For example, the IMO has promulgated regulations limiting the sulfur content of fuel oil for ships to 0.5 weight percent starting January 1, 2020. Likewise, the European Union is considering extending its emissions trading scheme to maritime transport to reduce GHG emissions from vessels. We contract with leading vessel providers in the LNG market and look for them to take the lead in maintaining compliance with all such requirements, although the terms of our charter agreements may call for us to bear some or all of the associated costs. While we believe we are similarly situated with respect to other companies that charter vessels, we cannot assure you that these requirements will not have a material effect on our business.

Our chartered vessels operating in U.S. waters, now or in the future, will also be subject to various federal, state and local laws and regulations relating to protection of the environment, including the OPA, the CERCLA, the CWA and the CAA. In some cases, these laws and regulations require governmental permits and authorizations before conducting certain activities. These environmental laws and regulations may impose substantial penalties for noncompliance and substantial liabilities for pollution. Failure to comply with these laws and regulations may result in substantial civil and criminal fines and penalties. As with the industry generally, our chartered vessels' operations will entail risks in these areas, and compliance with these laws and regulations, which may be subject to frequent revisions and reinterpretation, may increase our overall cost of business.

There may be shortages of LNG tankers worldwide, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

We rely on ocean-going LNG tankers and freight carriers (for ISO containers) for the movement of LNG. Consequently, our ability to provide services to our customers could be adversely impacted by shifts in tanker market dynamics, shortages in available cargo capacity, changes in policies and practices such as scheduling, pricing, routes of service and frequency of service, or increases in the cost of fuel, taxes and labor, and other factors not within our control. The construction and delivery of LNG tankers require significant capital and long construction lead times, and the availability of the tankers could be delayed to the detriment of our LNG business and our customers because of:

- an inadequate number of shipyards constructing LNG tankers and a backlog of orders at these shipyards;
- political or economic disturbances in the countries where the tankers are being constructed;
- changes in governmental regulations or maritime self-regulatory organizations;
- work stoppages or other labor disturbances at the shipyards, including as a result of the COVID-19 pandemic;

- bankruptcy or other financial crisis of shipbuilders;
- quality or engineering problems;
- weather interference or a catastrophic event, such as a major earthquake, tsunami or fire; or
- shortages of or delays in the receipt of necessary construction materials.

Changes in ocean freight capacity, which are outside our control, could negatively impact our ability to provide natural gas if LNG shipping capacity is adversely impacted and LNG transportation costs increase because we may bear the risk of such increases and may not be able to pass these increases on to our customers. Material interruptions in service or stoppages in LNG transportation could adversely impact our business, results of operations and financial condition.

Competition in the LNG industry is intense, and some of our competitors have greater financial, technological and other resources than we currently possess.

We operate in the highly competitive area of LNG production and face intense competition from independent, technology-driven companies as well as from both major and other independent oil and natural gas companies and utilities, many of which have been in operation longer than us.

Many competing companies have secured access to, or are pursuing development or acquisition of, LNG facilities in North America. We may face competition from major energy companies and others in pursuing our proposed business strategy to provide liquefaction and export products and services. In addition, competitors have and are developing LNG terminals in other markets, which will compete with our LNG facilities. Some of these competitors have longer operating histories, more development experience, greater name recognition, larger staffs and substantially greater financial, technical and marketing resources than we currently possess. We also face competition for the contractors needed to build our facilities. The superior resources that some of these competitors have available for deployment could allow them to compete successfully against us, which could have a material adverse effect on our business, ability to realize benefits from future projects, results of operations, financial condition, liquidity and prospects.

Failure of LNG to be a competitive source of energy in the markets in which we operate, and seek to operate, could adversely affect our expansion strategy.

Our operations are, and will be, dependent upon LNG being a competitive source of energy in the markets in which we operate. In the United States, due mainly to a historic abundant supply of natural gas and discoveries of substantial quantities of unconventional, or shale, natural gas, imported LNG has not developed into a significant energy source. The success of the domestic liquefaction component of our business plan is dependent, in part, on the extent to which natural gas can, for significant periods and in significant volumes, be produced in the United States at a lower cost than the cost to produce some domestic supplies of other alternative energy sources, and that it can be transported at reasonable rates through appropriately scaled infrastructure. The COVID-19 pandemic and actions by OPEC have significantly impacted energy markets, and the price of oil has recently traded at historic low prices.

Potential expansion in the Caribbean and other parts of world where we may operate is primarily dependent upon LNG being a competitive source of energy in those geographical locations. For example, in the Caribbean, due mainly to a lack of regasification infrastructure and an underdeveloped international market for natural gas, natural gas has not yet developed into a significant energy source. The success of our operations in the Caribbean is dependent, in part, on the extent to which LNG can, for significant periods and in significant volumes, be produced internationally and delivered to Caribbean customers at a lower cost than the cost to deliver other alternative energy sources.

Political instability in foreign countries that export LNG, or strained relations between such countries and countries in the Caribbean, may also impede the willingness or ability of LNG suppliers and merchants in such countries to export LNG to the Caribbean. Furthermore, some foreign suppliers of LNG may have economic or other reasons to direct their LNG to non-Caribbean markets or from or to our competitors' LNG facilities. Natural gas also competes with other sources of energy, including coal, oil, nuclear, hydroelectric, wind and solar energy, which may become available at a lower cost in certain markets.

As a result of these and other factors, natural gas may not be a competitive source of energy in the markets we intend to serve or elsewhere. The failure of natural gas to be a competitive supply alternative to oil and other alternative energy sources could adversely affect our ability to deliver LNG or natural gas to our customers in the Caribbean or other locations on a commercial basis.

Any use of hedging arrangements may adversely affect our future operating results or liquidity.

To reduce our exposure to fluctuations in the price, volume and timing risk associated with the purchase of natural gas, we may enter into futures, swaps and option contracts traded or cleared on the Intercontinental Exchange and the New York Mercantile Exchange or over-the-counter ("OTC") options and swaps with other natural gas merchants and financial institutions. Hedging arrangements would expose us to risk of financial loss in some circumstances, including when:

- expected supply is less than the amount hedged;
- the counterparty to the hedging contract defaults on its contractual obligations; or
- there is a change in the expected differential between the underlying price in the hedging agreement and actual prices received.

The use of derivatives also may require the posting of cash collateral with counterparties, which can impact working capital when commodity prices change. However, we do not currently have any hedging arrangements, and failure to properly hedge our positions against changes in natural gas prices could also have a material adverse effect on our business, financial condition and operating results.

Our risk management strategies cannot eliminate all LNG price and supply risks. In addition, any non-compliance with our risk management strategies could result in significant financial losses.

Our strategy is to maintain a manageable balance between LNG purchases, on the one hand, and sales or future delivery obligations, on the other hand. Through these transactions, we seek to earn a margin for the LNG purchased by selling LNG for physical delivery to third-party users, such as public utilities, shipping/marine cargo companies, industrial users, railroads, trucking fleets and other potential end-users converting from traditional ADO or oil fuel to natural gas. These strategies cannot, however, eliminate all price risks. For example, any event that disrupts our anticipated supply chain could expose us to risk of loss resulting from price changes if we are required to obtain alternative supplies to cover these transactions. We are also exposed to basis risks when LNG is purchased against one pricing index and sold against a different index. Moreover, we are also exposed to other risks, including price risks on LNG we own, which must be maintained in order to facilitate transportation of the LNG to our customers or to our facilities. In addition, our marketing operations involve the risk of non-compliance with our risk management policies. We cannot assure you that our processes and procedures will detect and prevent all violations of our risk management strategies, particularly if deception or other intentional misconduct is involved. If we were to incur a material loss related to commodity price risks, including non-compliance with our risk management strategies, it could have a material adverse effect on our financial position, results of operations and cash flows. There can be no assurance that we will complete the Pennsylvania Facility or be able to supply our facilities and the CHP Plant with LNG produced at our own facilities. Even if we do complete the Pennsylvania Facility, there can be no assurance that it will operate as expected or that we will succeed in our goal of reducing the risk to our operations of future LNG price variations.

We may experience increased labor costs, and the unavailability of skilled workers or our failure to attract and retain qualified personnel could adversely affect us.

We are dependent upon the available labor pool of skilled employees, including truck drivers. We compete with other energy companies and other employers to attract and retain qualified personnel with the technical skills and experience required to construct and operate our energy-related infrastructure and to provide our customers with the highest quality service. In addition, the tightening of the transportation related labor market due to the shortage of skilled truck drivers may affect our ability to hire and retain skilled truck drivers and require us to pay increased wages. Our affiliates in the United States who hire personnel on our behalf are also subject to the Fair Labor Standards Act, which governs such matters as minimum wage, overtime and other working conditions. We are also subject to applicable labor regulations in the other jurisdictions in which we operate, including Jamaica. We may face challenges and costs in hiring, retaining and managing our Jamaican and other employee base. A shortage in the labor pool of skilled workers, particularly in Jamaica or the United States, or other general inflationary pressures or changes in applicable laws and regulations, could make it more difficult for us to attract and retain qualified personnel and could require an increase in the wage and benefits packages that we offer, thereby increasing our operating costs. Any increase in our operating costs could materially and adversely affect our business, financial condition, operating results, liquidity and prospects.

Our current lack of asset and geographic diversification could have an adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

The substantial majority of our anticipated revenue in 2020 will be dependent upon our assets and customers in Jamaica and Puerto Rico. Jamaica and Puerto Rico have historically experienced economic volatility and the general condition and performance of their economies, over which we have no control, may affect our business, financial condition and results of operations. Due to our current lack of asset and geographic diversification, an adverse development at the Jamaica Terminals or our San Juan Facility, in the energy industry or in the economic conditions in Jamaica or Puerto Rico, would have a significantly greater impact on our financial condition and operating results than if we maintained more diverse assets and operating areas.

We may incur impairments to long-lived assets.

We test our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. Significant negative industry or economic trends, and decline of our market capitalization, reduced estimates of future cash flows for our business segments or disruptions to our business could lead to an impairment charge of our long-lived assets. Our valuation methodology for assessing impairment requires management to make judgments and assumptions based on historical experience and to rely heavily on projections of future operating performance. Projections of future operating results and cash flows may vary significantly from results. In addition, if our analysis results in an impairment to our long-lived assets, we may be required to record a charge to earnings in our consolidated financial statements during a period in which such impairment is determined to exist, which may negatively impact our operating results.

A major health and safety incident involving LNG or the energy industry more broadly or relating to our business may lead to more stringent regulation of LNG operations or the energy business generally, could result in greater difficulties in obtaining permits, including under environmental laws, on favorable terms, and may otherwise lead to significant liabilities and reputational damage.

Health and safety performance is critical to the success of all areas of our business. Any failure in health and safety performance from our operations may result in an event that causes personal harm or injury to our employees, other persons, and/or the environment, as well as the imposition of injunctive relief and/or penalties for non-compliance with relevant regulatory requirements or litigation. Any such failure that results in a significant health and safety incident may be costly in terms of potential liabilities, and may result in liabilities that exceed the limits of our insurance coverage. Such a failure, or a similar failure elsewhere in the energy industry (including, in particular, LNG liquefaction, storage, transportation or regasification operations), could generate public concern, which may lead to new laws and/or regulations that would impose more stringent requirements on our operations, have a corresponding impact on our ability to obtain permits and approvals, and otherwise jeopardize our reputation or the reputation of our industry as well as our relationships with relevant regulatory agencies and local communities. Individually or collectively, these developments could adversely impact our ability to expand our business, including into new markets. Similarly, such developments could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

The swaps regulatory and other provisions of the Dodd-Frank Act and the rules adopted thereunder and other regulations, including EMIR and REMIT, could adversely affect our ability to hedge risks associated with our business and our operating results and cash flows.

Title VII of the Dodd-Frank Act established federal regulation of the OTC derivatives market and made other amendments to the Commodity Exchange Act that are relevant to our business. The provisions of Title VII of the Dodd-Frank Act and the rules adopted thereunder by the CFTC, the SEC and other federal regulators may adversely affect our ability to manage certain of our risks on a cost-effective basis. Such laws and regulations may also adversely affect our ability to execute our strategies with respect to hedging our exposure to variability in expected future cash flows attributable to the future sale of our LNG inventory and to price risk attributable to future purchases of natural gas to be utilized as fuel to operate our facilities, our CHP Plant and to secure natural gas feedstock for our Liquefaction Facilities.

The CFTC has proposed new rules setting limits on the positions in certain core futures contracts, economically equivalent futures contracts, options contracts and swaps for or linked to certain physical commodities, including natural gas, held by market participants, with limited exemptions for certain bona fide hedging and other types of transactions. The CFTC has also adopted final rules regarding aggregation of positions, under which a party that controls the trading of, or owns 10% or more of the equity interests in, another party will have to aggregate the positions of the controlled or owned party with its own positions for purposes of determining compliance with position limits unless an exemption applies. The CFTC’s aggregation rules are now in effect, though CFTC staff have granted relief—until August 12, 2022—from various conditions and requirements in the final aggregation rules. With the implementation of the final aggregation rules and upon the adoption and effectiveness of final CFTC position limits rules, our ability to execute our hedging strategies described above could be limited. It is uncertain at this time whether, when and in what form the CFTC’s proposed new position limits rules may become final and effective.

Under the Dodd-Frank Act and the rules adopted thereunder, we may be required to clear through a derivatives clearing organization any swaps into which we enter that fall within a class of swaps designated by the CFTC for mandatory clearing and we could have to execute trades in such swaps on certain trading platforms. The CFTC has designated six classes of interest rate swaps and credit default swaps for mandatory clearing, but has not yet proposed rules designating any other classes of swaps, including physical commodity swaps, for mandatory clearing. Although we expect to qualify for the end-user exception from the mandatory clearing and trade execution requirements for any swaps entered into to hedge our commercial risks, if we fail to qualify for that exception and have to clear such swaps through a derivatives clearing organization, we could be required to post margin with respect to such swaps, our cost of entering into and maintaining such swaps could increase and we would not enjoy the same flexibility with the cleared swaps that we enjoy with the uncleared OTC swaps we may enter. Moreover, the application of the mandatory clearing and trade execution requirements to other market participants, such as Swap Dealers, may change the cost and availability of the swaps that we may use for hedging.

As required by the Dodd-Frank Act, the CFTC and the federal banking regulators have adopted rules requiring certain market participants to collect initial and variation margin with respect to uncleared swaps from their counterparties that are financial end-users and certain registered Swap Dealers and Major Swap Participants. The requirements of those rules are subject to a phased-in compliance schedule, which commenced on September 1, 2016. Although we believe we will qualify as a non-financial end user for purposes of these rules, were we not to do so and have to post margin as to our uncleared swaps in the future, our cost of entering into and maintaining swaps would be increased. In June 2011, the Basel Committee on the Banking Supervision, an international trade body comprised of senior representatives of bank supervisory authorities and central banks from 27 countries, including the United States and the European Union, announced the final framework for a comprehensive set of capital and liquidity standards, commonly referred to as “Basel III.” Our counterparties that are subject to the Basel III capital requirements may increase the cost to us of entering into swaps with them or, although not required to collect margin from us under the margin rules, require us to post collateral with them in connection with such swaps in order to offset their increased capital costs or to reduce their capital costs to maintain those swaps on their balance sheets.

The Dodd-Frank Act also imposes regulatory requirements on swaps market participants, including Swap Dealers and other swaps entities as well as certain regulations on end-users of swaps, including regulations relating to swap documentation, reporting and recordkeeping, and certain business conduct rules applicable to Swap Dealers and other swaps entities. Together with the Basel III capital requirements on certain swaps market participants, these regulations could significantly increase the cost of derivative contracts (including through requirements to post margin or collateral), materially alter the terms of derivative contracts, reduce the availability of derivatives to protect against certain risks that we encounter, and reduce our ability to monetize or restructure derivative contracts and to execute our hedging strategies. If, as a result of the swaps regulatory regime discussed above, we were to forgo the use of swaps to hedge our risks, such as commodity price risks that we encounter in our operations, our operating results and cash flows may become more volatile and could be otherwise adversely affected.

EMIR may result in increased costs for OTC derivative counterparties and also lead to an increase in the costs of, and demand for, the liquid collateral that EMIR requires central counterparties to accept. Although we expect to qualify as a non-financial counterparty under EMIR and thus not be required to post margin under EMIR, our subsidiaries and affiliates operating in the Caribbean may still be subject to increased regulatory requirements, including recordkeeping, marking to market, timely confirmations, derivatives reporting, portfolio reconciliation and dispute resolution procedures. Regulation under EMIR could significantly increase the cost of derivatives contracts, materially alter the terms of derivatives contracts and reduce the availability of derivatives to protect against risks that we encounter. The increased trading costs and collateral costs may have an adverse impact on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Our subsidiaries and affiliates operating in the Caribbean may be subject to REMIT as wholesale energy market participants. This classification imposes increased regulatory obligations on our subsidiaries and affiliates, including a prohibition to use or disclose insider information or to engage in market manipulation in wholesale energy markets, and an obligation to report certain data. These regulatory obligations may increase the cost of compliance for our business and if we violate these laws and regulations, we could be subject to investigation and penalties.

Failure to obtain and maintain permits, approvals and authorizations from governmental and regulatory agencies on favorable terms with respect to the design, construction and operation of our facilities could impede operations and construction and could have a material adverse effect on us.

The design, construction and operation of energy-related infrastructure, including our existing and proposed facilities, the import and export of LNG and the transportation of natural gas, are highly regulated activities at the federal, state and local levels. Approvals of the DOE under Section 3 of the NGA, as well as several other material governmental and regulatory permits, approvals and authorizations, including under the CAA and the CWA and their state analogues, may be required in order to construct and operate an LNG facility and export LNG. Permits, approvals and authorizations obtained from the DOE and other federal and state regulatory agencies also contain ongoing conditions, and additional requirements may be imposed. Certain federal permitting processes may trigger the requirements of the National Environmental Policy Act (“NEPA”), which requires federal agencies to evaluate major agency actions that have the potential to significantly impact the environment. Compliance with NEPA may extend the time and/or increase the costs for obtaining necessary governmental approvals associated with our operations and create independent risk of legal challenges to the adequacy of the NEPA analysis, which could result in delays that may adversely affect our business, contracts, financial condition, operating results, cash flow, liquidity and profitability. In January 2020, the White House Council on Environmental Quality issued a proposed revision to NEPA regulations; however, the final form or impacts of any such revisions are uncertain at this time and any such regulations are likely to be challenged in court. On June 18, 2020, we received an order from the Federal Energy Regulatory Commission (“FERC”), which asked us to explain why our San Juan Facility is not subject to FERC’s jurisdiction under section 3 of the Natural Gas Act. While we do not believe that the San Juan Facility is jurisdictional, we provided our reply to FERC on July 20, 2020 and requested that FERC act expeditiously. We do not know if or when FERC will respond to our reply, or the outcome of any such response. Although FERC has civil penalty authority and the authority to authorize the siting, construction, and operation of jurisdictional LNG facilities, we do not know, nor has FERC indicated, what remedy FERC may require if FERC determines that our San Juan Facility is subject to FERC’s Section 3 jurisdiction. In addition, we may be subject to additional requirements in Jamaica, Mexico, Ireland, Nicaragua, Angola or other jurisdictions, including with respect to land use approvals needed to construct and operate our facilities.

We cannot control the outcome of any review and approval process, including whether or when any such permits, approvals and authorizations will be obtained, the terms of their issuance, or possible appeals or other potential interventions by third parties that could interfere with our ability to obtain and maintain such permits, approvals and authorizations or the terms thereof. If we are unable to obtain and maintain such permits, approvals and authorizations on favorable terms, we may not be able to recover our investment in our projects and may be subject to financial penalties under our customer and other agreements. Many of these permits, approvals and authorizations require public notice and comment before they can be issued, which can lead to delays to respond to such comments, and even potentially to revise the permit application. There is no assurance that we will obtain and maintain these governmental permits, approvals and authorizations on favorable terms, or that we will be able to obtain them on a timely basis, and failure to obtain and maintain any of these permits, approvals or authorizations could have a material adverse effect on our business, financial condition, operating results, liquidity and prospects. Moreover, many of these permits, approvals and authorizations are subject to administrative and judicial challenges, which can delay and protract the process for obtaining and implementing permits and can also add significant costs and uncertainty.

Existing and future environmental, health and safety laws and regulations could result in increased compliance costs or additional operating costs or construction costs and restrictions.

Our business is now and will in the future be subject to extensive federal, state and local laws and regulations both in the United States and in other jurisdictions where we operate. These requirements regulate and restrict, among other things: the siting and design of our facilities; discharges to air, land and water, with particular respect to the protection of human health, the environment and natural resources and safety from risks associated with storing, receiving and transporting LNG; the handling, storage and disposal of hazardous materials, hazardous waste and petroleum products; and remediation associated with the release of hazardous substances. For example, PHMSA has promulgated detailed regulations governing LNG facilities under its jurisdiction to address siting, design, construction, equipment, operations, maintenance, personnel qualifications and training, fire protection and security. While the Miami Facility is subject to these regulations, none of our LNG facilities currently under development are subject to PHMSA's jurisdiction, but state and local regulators can impose similar siting, design, construction and operational requirements. In addition, the U.S. Coast Guard regulations require certain security and response plans, protocols and trainings to mitigate and reduce the risk of intentional or accidental impacts to energy transportation and production infrastructure located in certain domestic ports.

Federal and state laws impose liability, without regard to fault or the lawfulness of the original conduct, for the release of certain types or quantities of hazardous substances into the environment. As the owner and operator of our facilities, we could be liable for the costs of cleaning up any such hazardous substances that may be released into the environment at or from our facilities and for any resulting damage to natural resources.

Many of these laws and regulations, such as the CAA and the CWA, and analogous state laws and regulations, restrict or prohibit the types, quantities and concentrations of substances that can be emitted into the environment in connection with the construction and operation of our facilities, and require us to obtain and maintain permits and provide governmental authorities with access to our facilities for inspection and reports related to our compliance. For example, the Pennsylvania Department of Environmental Protection laws and regulations will apply to the construction and operation of the Pennsylvania Facility. Relevant local authorities may also require us to obtain and maintain permits associated with the construction and operation of our facilities, including with respect to land use approvals. Failure to comply with these laws and regulations could lead to substantial liabilities, fines and penalties or capital expenditures related to pollution control equipment and restrictions or curtailment of our operations, which could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Other future legislation and regulations could cause additional expenditures, restrictions and delays in our business and to our proposed construction, the extent of which cannot be predicted and which may require us to limit substantially, delay or cease operations in some circumstances. In October 2017, the U.S. Government Accountability Office issued a legal determination that a 2013 interagency guidance document was a "rule" subject to the Congressional Review Act ("CRA"). This legal determination could open a broader set of agency guidance documents to potential disapproval and invalidation under the CRA, potentially increasing the likelihood that laws and regulations applicable to our business will become subject to revised interpretations in the future that we cannot predict. Revised, reinterpreted or additional laws and regulations that result in increased compliance costs or additional operating or construction costs and restrictions could have a material adverse effect on our business, contracts, financial condition, operating results, cash flow, liquidity and prospects.

Greenhouse Gases/Climate Change. The threat of climate change continues to attract considerable attention in the United States and in foreign countries. Numerous proposals have been made and could continue to be made at the international, national, regional and state government levels to monitor and limit existing and future GHG emissions. As a result, our operations are subject to a series of risks associated with the processing, transportation, and use of fossil fuels and emission of GHGs.

In the United States to date, no comprehensive climate change legislation has been implemented at the federal level, although various individual states and state coalitions have adopted or are considering adopting legislation, regulations or other regulatory initiatives, including GHG cap and trade programs, carbon taxes, reporting and tracking programs, and emission restrictions, pollution reduction incentives, or renewable energy or low-carbon replacement fuel quotas. At the international level, the United Nations-sponsored "Paris Agreement" was signed by 195 countries who agreed to limit their GHG emissions through non-binding, individually-determined reduction goals every five years after 2020. Although the United States has announced its withdrawal from such agreement, effective November 4, 2020, other countries where we operate or plan to operate, including Angola, Jamaica, Ireland, Mexico, and Nicaragua, have signed or acceded to this agreement. However, the scope of future domestic climate and GHG emissions-focused regulatory requirements, if any, remain uncertain.

Governmental, scientific, and public concern over the threat of climate change arising from GHG emissions has resulted in increasing political uncertainty in the United States, including climate change related pledges made by certain candidates seeking the office of the President of the United States in 2020. Two critical declarations made by one or more candidates running for the Democratic nomination for President include proposals to take actions banning hydraulic fracturing of oil and natural gas wells and banning new leases for production of minerals on federal properties, including onshore lands and offshore waters. A change in administration as a result of the domestic 2020 Presidential election may lead to legislation, rulemaking, or executive orders that ban or restrict the exploration and production of fossil fuels. Other actions that could be pursued by presidential candidates may include more restrictive requirements for the establishment of pipeline infrastructure or the permitting of LNG export facilities, as well as the reversal of the United States' withdrawal from the Paris Agreement.

Climate-related litigation and permitting risks are also increasing, as a number of cities, local governments and private organizations have sought to either bring suit against oil and natural gas companies in state or federal court, alleging various public nuisance claims, or seek to challenge permits required for infrastructure development. Fossil fuel producers are also facing general risks of shifting capital availability due to shareholder concern over climate change and potentially stranded assets in the event of future, comprehensive climate and GHG-related regulation. While several of these cases have been dismissed, there is no guarantee how future lawsuits might be resolved.

The adoption and implementation of new or more comprehensive international, federal or state legislation, regulations or other regulatory initiatives that impose more stringent restrictions on GHG emissions could result in increased compliance costs, and thereby reduce demand for or erode value for, the natural gas that we process and market. Additionally, political, litigation, and financial risks may result in reduced natural gas production activities, increased liability for infrastructure damages as a result of climatic changes, or an impaired ability to continue to operate in an economic manner. One or more of these developments could have a material adverse effect on our business, financial condition and results of operation.

The adoption and implementation of any U.S. federal, state or local regulations or foreign regulations imposing obligations on, or limiting emissions of GHGs from, our equipment and operations could require us to incur significant costs to reduce emissions of GHGs associated with our operations or could adversely affect demand for natural gas and natural gas products. The potential increase in our operating costs could include new costs to operate and maintain our facilities, install new emission controls on our facilities, acquire allowances to authorize our GHG emissions, pay taxes related to our GHG emissions, and administer and manage a GHG emissions program. We may not be able to recover such increased costs through increases in customer prices or rates. In addition, changes in regulatory policies that result in a reduction in the demand for hydrocarbon products that are deemed to contribute to GHGs, or restrict their use, may reduce volumes available to us for processing, transportation, marketing and storage. These developments could have a material adverse effect on our financial position, results of operations and cash flows.

Fossil Fuels. Our business activities depend upon a sufficient and reliable supply of natural gas feedstock, and are therefore subject to concerns in certain sectors of the public about the exploration, production and transportation of natural gas and other fossil fuels and the consumption of fossil fuels more generally. Legislative and regulatory action, and possible litigation, in response to such public concerns may also adversely affect our operations. We may be subject to future laws, regulations, or actions to address such public concern with fossil fuel generation, distribution and combustion, greenhouse gases and the effects of global climate change.

Our customers may also move away from using fossil fuels such as LNG for their power generation needs for reputational or perceived risk-related reasons. These matters represent uncertainties in the operation and management of our business, and could have a material adverse effect on our financial position, results of operations and cash flows.

Hydraulic Fracturing. Certain of our suppliers of natural gas and LNG employ hydraulic fracturing techniques to stimulate natural gas production from unconventional geological formations (including shale formations), which currently entails the injection of pressurized fracturing fluids (consisting of water, sand and certain chemicals) into a well bore. Moreover, hydraulically fractured natural gas wells account for a significant percentage of the natural gas production in the U.S.; the U.S. Energy Information Administration reported in 2016 that hydraulically fractured wells provided two-thirds of U.S. marketed gas production in 2015. The requirements for permits or authorizations to conduct these activities vary depending on the location where such drilling and completion activities will be conducted. Several states have adopted or are considering adopting regulations to impose more stringent permitting, public disclosure or well construction requirements on hydraulic fracturing operations, or to ban hydraulic fracturing altogether. As with most permitting and authorization processes, there is a degree of uncertainty as to whether a permit will be granted, the time it will take for a permit or approval to be issued and any conditions which may be imposed in connection with the granting of the permit. Certain regulatory authorities have delayed or suspended the issuance of permits or authorizations while the potential environmental impacts associated with issuing such permits can be studied and appropriate mitigation measures evaluated. In addition to state laws, some local municipalities have adopted or are considering adopting land use restrictions, such as city ordinances, that may restrict the performance of or prohibit the well drilling in general and/or hydraulic fracturing in particular.

Hydraulic fracturing activities are typically regulated at the state level, but federal agencies have asserted regulatory authority over certain hydraulic fracturing activities and equipment used in the production, transmission and distribution of oil and natural gas, including such oil and natural gas produced via hydraulic fracturing. Federal and state legislatures and agencies may seek to further regulate or even ban such activities. For example, the Delaware River Basin Commission (“DRBC”), a regional body created via interstate compact responsible for, among other things, water quality protection, water supply allocation, regulatory review, water conservation initiatives, and watershed planning in the Delaware River Basin, has implemented a de facto ban on hydraulic fracturing activities in that basin since 2010 pending the approval of new regulations governing natural gas production activity in the basin. More recently, the DRBC has stated that it will consider new regulations that would ban natural gas production activity, including hydraulic fracturing, in the basin. If additional levels of regulation or permitting requirements were imposed on hydraulic fracturing operations, natural gas prices in North America could rise, which in turn could materially adversely affect the relative pricing advantage that has existed in recent years in favor of domestic natural gas prices (based on Henry Hub pricing). Increased regulation or difficulty in permitting of hydraulic fracturing, and any corresponding increase in domestic natural gas prices, could materially adversely affect demand for LNG and our ability to develop commercially viable LNG facilities.

We are subject to numerous governmental export laws and trade and economic sanctions laws and regulations. Our failure to comply with such laws and regulations could subject us to liability and have a material adverse impact on our business, results of operations or financial condition.

We conduct business throughout the world, and our business activities and services are subject to various applicable import and export control laws and regulations of the United States and other countries, particularly countries in the Caribbean, Ireland, Mexico, Angola, Nicaragua and the other countries in which we seek to do business. We must also comply with U.S. trade and economic sanctions laws, including the U.S. Commerce Department’s Export Administration Regulations and economic and trade sanctions regulations maintained by the U.S. Treasury Department’s Office of Foreign Assets Control. Although we take precautions to comply with all such laws and regulations, violations of governmental export control and economic sanctions laws and regulations could result in negative consequences to us, including government investigations, sanctions, criminal or civil fines or penalties, more onerous compliance requirements, loss of authorizations needed to conduct aspects of our international business, reputational harm and other adverse consequences. Moreover, it is possible that we could invest both time and capital into a project involving a counterparty who may become subject to sanctions. If any of our counterparties becomes subject to sanctions as a result of these laws and regulations or otherwise, we may face an array of issues, including, but not limited to: having to abandon the related project, being unable to recuperate prior invested time and capital or being subject to law suits, investigations or regulatory proceedings that could be time-consuming and expensive to respond to and which could lead to criminal or civil fines or penalties.

We are also subject to anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act ("FCPA"), which generally prohibit companies and their intermediaries from making improper payments to foreign officials for the purpose of obtaining or keeping business and/or other benefits. Some of the jurisdictions in which we currently, or may in the future, operate may present heightened risks for FCPA issues, such as Angola, Nicaragua, Jamaica, Mexico and Puerto Rico. Although we have adopted policies and procedures that are designed to ensure that we, our employees and other intermediaries comply with the FCPA, it is highly challenging to adopt policies and procedures that ensure compliance in all respects with the FCPA, particularly in high-risk jurisdictions. Developing and implementing policies and procedures is a complex endeavor. There is no assurance that these policies and procedures will work effectively all of the time or protect us against liability under anti-corruption laws and regulations, including the FCPA, for actions taken by our employees and other intermediaries with respect to our business or any businesses that we may acquire.

If we are not in compliance with anti-corruption laws and regulations, including the FCPA, we may be subject to costly and intrusive criminal and civil investigations as well significant potential criminal and civil penalties and other remedial measures, including changes or enhancements to our procedures, policies and control, as well as potential personnel change and disciplinary actions. In addition, non-compliance with anti-corruption laws could constitute a breach of certain covenants in operational or debt agreements, and cross-default provisions in certain of our agreements could mean that an event of default under certain of our commercial agreements could trigger an event of default under our other agreements, including our debt agreements. Any adverse finding against us could also negatively affect our relationship and reputation with current and potential customers. The occurrence of any of these events could have a material adverse impact on our business, results of operations, financial condition, liquidity and future business prospects.

In addition, in certain countries we serve or expect to serve our customers through third-party agents and other intermediaries, such as customs agents. Violations of applicable import, export, trade and economic sanctions laws and regulations by these third-party agents or intermediaries may also result in adverse consequences and repercussions to us. There can be no assurance that we and our agents and other intermediaries will be in compliance with export control and economic sanctions laws and regulations in the future. In such event of non-compliance, our business and results of operations could be adversely impacted.

Risks Relating to the Jurisdictions in Which We Operate

We are currently highly dependent upon economic, political and other conditions and developments in the Caribbean, particularly Jamaica, Puerto Rico and the other jurisdictions in which we operate.

We currently conduct a meaningful portion of our business in Jamaica. As a result, our current business, results of operations, financial condition and prospects are materially dependent upon economic, political and other conditions and developments in Jamaica.

We currently have interests and operations in Jamaica and the United States and currently intend to expand into additional markets in the Caribbean (including Puerto Rico), Mexico, Ireland, Angola, Nicaragua and other geographies, and such interests are subject to governmental regulation in each market. The governments in these markets differ widely with respect to structure, constitution and stability and some countries lack mature legal and regulatory systems. To the extent that our operations depend on governmental approval and regulatory decisions, the operations may be adversely affected by changes in the political structure or government representatives in each of the markets in which we operate. Recent political, security and economic changes have resulted in political and regulatory uncertainty in certain countries in which we operate or may pursue operations. Some of these markets have experienced political, security and economic instability in the recent past and may experience instability in the future. In 2019, public demonstrations in Puerto Rico led to the governor's resignation and the political change interrupted the bidding process for the privatization of PREPA's transmission and distribution systems. While our operations have not, to date, been impacted by the demonstrations or changes in Puerto Rico's administration, any substantial disruption in our ability to perform our obligations under the Fuel Sale and Purchase Agreement with PREPA could have a material adverse effect on our financial condition, results of operations and cash flows. Furthermore, we cannot predict how our relationship with PREPA could change given PREPA's award for its transmission and distribution system. . PREPA may seek to find alternative power sources or purchase substantially less natural gas from us than what we currently expect to sell to PREPA.

Any slowdown or contraction affecting the local economy in a jurisdiction in which we operate could negatively affect the ability of our customers to purchase LNG, natural gas, steam or power from us or to fulfill their obligations under their contracts with us. If the economy in Jamaica or other jurisdictions in which we operate worsens because of, for example:

- lower economic activity, including as a result of the COVID-19 pandemic which has significantly affected Jamaica's and other jurisdictions' tourism industries;
- an increase in oil, natural gas or petrochemical prices;
- devaluation of the applicable currency;
- higher inflation; or
- an increase in domestic interest rates,

then our business, results of operations, financial condition and prospects may also be significantly affected by actions taken by the government in the jurisdictions in which we operate. The COVID-19 pandemic has resulted in lower economic activity and a decrease in oil prices worldwide. Certain of the jurisdictions in which we operate have recently restricted travel, implemented workforce pressures, and experienced reduced business development, travel, hospitality and tourism due to COVID-19. Caribbean governments traditionally have played a central role in the economy and continue to exercise significant influence over many aspects of it. They may make changes in policy, or new laws or regulations may be enacted or promulgated, relating to, for example, monetary policy, taxation, exchange controls, interest rates, regulation of banking and financial services and other industries, government budgeting and public sector financing. These and other future developments in the Jamaican economy or in the governmental policies in our Caribbean markets may reduce demand for our products and adversely affect our business, financial condition, results of operations or prospects.

For example, JPS and JPC are subject to the mandate of the OUR. The OUR regulates the amount of money that power utilities in Jamaica, including JPS and JPC, can charge their customers. Though the OUR cannot impact the fixed price we charge our customers for LNG, pricing regulations by the OUR and other similar regulators could negatively impact our customers' ability to perform their obligations under our GSAs and, in the case of JPS, the PPA, which could adversely affect our business, financial condition, results of operations or prospects.

Our development activities and future operations in Nicaragua may be materially affected by political, economic and other uncertainties.

Nicaragua has recently experienced political and economic challenges. Specifically, in 2018, U.S. legislation was approved to restrict U.S. aid to Nicaragua. In 2018, 2019 and early 2020, U.S. and European governmental authorities imposed a number of sanctions against entities and individuals in or associated with the government of Nicaragua and Venezuela. If any of our counterparties becomes subject to sanctions as a result of these laws and regulations, changes thereto or otherwise, we may face an array of issues, including, but not limited to: having to suspend our development or operations on a temporary or permanent basis, being unable to recuperate prior invested time and capital or being subject to lawsuits, investigations or regulatory proceedings that could be time-consuming and expensive to respond to and which could lead to criminal or civil fines or penalties. There is also a risk of civil unrest, strikes or political turmoil in Nicaragua, and the outcome of any such unrest cannot be predicted.

Our financial condition and operating results may be adversely affected by foreign exchange fluctuations.

Our condensed consolidated financial statements are presented in U.S. dollars. Therefore, fluctuations in exchange rates used to translate other currencies into U.S. dollars will impact our reported consolidated financial condition, results of operations and cash flows from period to period. These fluctuations in exchange rates will also impact the value of our investments and the return on our investments. Additionally, some of the jurisdictions in which we operate may limit our ability to exchange local currency for U.S. dollars.

A portion of our cash flows and expenses may in the future be incurred in currencies other than the U.S. dollar. Our material counterparties' cash flows and expenses may be incurred in currencies other than the U.S. dollar. There can be no assurance that non-U.S. currencies will not be subject to volatility and depreciation or that the current exchange rate policies affecting these currencies will remain the same. We may choose not to hedge, or we may not be effective in efforts to hedge, this foreign currency risk. Depreciation or volatility of the Jamaican dollar against the U.S. dollar or other currencies could cause counterparties to be unable to pay their contractual obligations under our agreements or to lose confidence in us and may cause our expenses to increase from time to time relative to our revenues as a result of fluctuations in exchange rates, which could affect the amount of net income that we report in future periods.

We have operations in multiple jurisdictions and may expand our operations to additional jurisdictions, including jurisdictions in which the tax laws, their interpretation or their administration may change. As a result, our tax obligations and related filings are complex and subject to change, and our after-tax profitability could be lower than anticipated.

We are subject to income, withholding and other taxes in the United States on a worldwide basis and in numerous state, local and foreign jurisdictions with respect to our income and operations related to those jurisdictions. Our after-tax profitability could be affected by numerous factors, including the availability of tax credits, exemptions and other benefits to reduce our tax liabilities, changes in the relative amount of our earnings subject to tax in the various jurisdictions in which we operate, the potential expansion of our business into or otherwise becoming subject to tax in additional jurisdictions, changes to our existing businesses and operations, the extent of our intercompany transactions and the extent to which taxing authorities in the relevant jurisdictions respect those intercompany transactions.

Our after-tax profitability may also be affected by changes in the relevant tax laws and tax rates, regulations, administrative practices and principles, judicial decisions, and interpretations, in each case, possibly with retroactive effect.

Risks Inherent in Owning Class A shares

We are a "controlled company" within the meaning of NASDAQ rules and, as a result, qualify for and intend to rely on exemptions from certain corporate governance requirements.

Affiliates of the Consenting Entities (as defined below) hold a majority of the voting power of our shares. As a result, we are a controlled company within the meaning of NASDAQ corporate governance standards. Under NASDAQ rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company is a controlled company and may elect not to comply with certain NASDAQ corporate governance requirements, including the requirements that:

- a majority of the board of directors consist of independent directors as defined under the rules of NASDAQ;
- the nominating and governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

These requirements will not apply to us as long as we remain a controlled company. A controlled company does not need its board of directors to have a majority of independent directors or to form independent compensation and nominating and governance committees. We intend to utilize some or all of these exemptions. Accordingly, shareholders may not have the same protections afforded to shareholders of companies that are subject to all of the corporate governance requirements of NASDAQ.

A small number of our original investors have the ability to direct the voting of a majority of our shares, and their interests may conflict with those of our other shareholders.

As of July 30, 2020, affiliates of the Consenting Entities own an aggregate of approximately 100,035,675 Class A shares, representing 59.3% of our voting power. As of July 30, 2020, Wesley R. Edens and Randal A. Nardone directly or indirectly own 72,627,775 Class A shares and 26,196,526 Class A shares, respectively, representing 43.0% and 15.5% of the voting power of the Class A shares, respectively. The beneficial ownership of greater than 50% of our voting shares means affiliates of the Consenting Entities are able to control matters requiring shareholder approval, including the election of directors, changes to our organizational documents and significant corporate transactions. This concentration of ownership makes it unlikely that any other holder or group of holders of our Class A shares will be able to affect the way we are managed or the direction of our business. The interests of the affiliates of the Consenting Entities with respect to matters potentially or actually involving or affecting us, such as future acquisitions, financings and other corporate opportunities and attempts to acquire us, may conflict with the interests of our other shareholders.

Given this concentrated ownership, the affiliates of the Consenting Entities would have to approve any potential acquisition of us. The existence of a significant shareholder may have the effect of deterring hostile takeovers, delaying or preventing changes in control or changes in management, or limiting the ability of our other shareholders to approve transactions that they may deem to be in the best interests of our company. Moreover, the concentration of share ownership with affiliates of the Consenting Entities may adversely affect the trading price of our Class A shares to the extent investors perceive a disadvantage in owning shares of a company with a significant shareholder.

Furthermore, in connection with the IPO, we entered into a shareholders' agreement (the "Shareholders' Agreement") with New Fortress Energy Holdings and its affiliates, and in connection with the Exchange Transactions, New Fortress Energy Holdings assigned, pursuant to the terms of the Shareholders' Agreement, to certain entities controlled by Wesley R. Edens and Randal A. Nardone (the "Consenting Entities"), New Fortress Energy Holdings' right to designate a certain number of individuals to be nominated for election to our board of directors so long as its assignees collectively beneficially own at least 5% of the outstanding Class A shares. The Shareholders' Agreement provides that the parties to the Shareholders' Agreement (including certain former members of New Fortress Energy Holdings) shall vote their shares in favor of such nominees. In addition, our LLC Agreement provides, and following our conversion to a corporation, our Certificate of Incorporation will provide, the Consenting Entities the right to approve certain material transactions so long as the Consenting Entities and their affiliates collectively, directly or indirectly, own at least 30% of the outstanding Class A shares and Class B shares.

Our LLC Agreement, and following our Conversion to a corporation, our Certificate of Incorporation and By-Laws, as well as Delaware law, contain provisions that could discourage acquisition bids or merger proposals, which may adversely affect the market price of our Class A shares and could deprive our investors of the opportunity to receive a premium for their shares.

Our operating agreement, and following our Conversion to a corporation, our Certificate of Incorporation and By-Laws, authorize our board of directors to issue preferred shares without shareholder approval in one or more series, designate the number of shares constituting any series, and fix the rights, preferences, privileges and restrictions thereof, including dividend rights, voting rights, rights and terms of redemption, redemption price or prices and liquidation preferences of such series. If our board of directors elects to issue preferred shares, it could be more difficult for a third party to acquire us. In addition, some provisions of our LLC Agreement, and following our conversion to a corporation, our Certificate of Incorporation and By-Laws, could make it more difficult for a third party to acquire control of us, even if the change of control would be beneficial to our shareholders. These provisions include:

- dividing our board of directors into three classes of directors, with each class serving staggered three-year terms;
- providing that all vacancies, including newly created directorships, may, except as otherwise required by law, or, if applicable, the rights of holders of a series of preferred shares, only be filled by the affirmative vote of a majority of directors then in office, even if less than a quorum;
- permitting special meetings of our shareholders to be called only by (i) the chairman of our board of directors, (ii) a majority of our board of directors, or (iii) a committee of our board of directors that has been duly designated by the board of directors and whose powers include the authority to call such meetings;
- prohibiting cumulative voting in the election of directors;
- establishing advance notice provisions for shareholder proposals and nominations for elections to the board of directors to be acted upon at meetings of the shareholders; and
- providing that the board of directors is expressly authorized to adopt, or to alter or repeal our certain provisions of our organizational documents to the extent permitted by law.

Additionally, following our Conversion to a corporation, our Certificate of Incorporation provides that we have opted out of Section 203 of the Delaware General Corporation Law (the "DGCL"). However, our Certificate of Incorporation includes a similar provision, which, subject to certain exceptions, prohibits us from engaging in a business combination with an "interested stockholder," unless the business combination is approved in a prescribed manner. Subject to certain exceptions, an "interested stockholder" means any person who, together with that person's affiliates and associates, owns 15% or more of our outstanding voting stock or an affiliate or associate of ours who owned 15% or more of our outstanding voting stock at any time within the previous three years, but shall not include any person who acquired such stock from the Consenting Entities or NFE SMRS Holdings LLC (except in the context of a public offering) or any person whose ownership of shares in excess of 15% of our outstanding voting stock is the result of any action taken solely by us. Our Certificate of Incorporation provides that the Consenting Entities and NFE SMRS Holdings LLC and any of their respective direct or indirect transferees, and any group as to which such persons are a party, do not constitute "interested stockholders" for purposes of this provision.

Our LLC Agreement, and following our Conversion to a corporation, our Certificate of Incorporation and By-Laws, designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our shareholders, which could limit our shareholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, employees or agents.

Our LLC Agreement, and following our Conversion to a corporation, our Certificate of Incorporation and By-Laws, provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware is, to the fullest extent permitted by applicable law, the sole and exclusive forum for (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, employees or agents to us or our shareholders, (iii) any action asserting a claim against us or any of our directors, officers or employees arising pursuant to any provision of our organizational documents, the Delaware Limited Liability Company Act or the DGCL, as applicable, or (iv) any action asserting a claim against us or any of our directors, officers or employees that is governed by the internal affairs doctrine, in each such case subject to such Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in our shares will be deemed to have notice of, and consented to, the provisions described in the preceding sentence. This choice of forum provision may limit a shareholder's ability to bring a claim in a judicial forum that it considers more likely to be favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and such persons. Alternatively, if a court were to find these provisions of our organizational documents inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could adversely affect our business, financial condition, results of operations or prospects.

We do not currently plan to pay cash dividends on our Class A shares. Consequently, a shareholder's only opportunity to achieve a return on its investment is if the price of our Class A shares appreciates.

We do not currently plan to declare regular cash dividends on our Class A shares in the foreseeable future. Consequently, a shareholder's only opportunity to achieve a return on investment in us will be if the shareholder sells its Class A shares at a price greater than it paid for such Class A shares. There is no guarantee that the price of our Class A shares that will prevail in the market will ever exceed the price paid to purchase such Class A shares.

We may issue preferred shares, the terms of which could adversely affect the voting power or value of our Class A shares.

Our LLC Agreement, and following our Conversion to a corporation, our Certificate of Incorporation and By-Laws, authorize us to issue, without the approval of our shareholders, one or more classes or series of preferred shares having such designations, preferences, limitations and relative rights, including preferences over our Class A shares respecting dividends and distributions, as our board of directors may determine. The terms of one or more classes or series of preferred shares could adversely impact the voting power or value of our Class A shares. For example, we might grant holders of preferred shares the right to elect some number of our directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences we might assign to holders of preferred shares could affect the residual value of the Class A shares.

The market price of our Class A shares could be adversely affected by sales of substantial amounts of our Class A shares in the public or private markets or the perception in the public markets that these sales may occur.

As of July 30, 2020, 100,035,675 Class A shares representing 59.3% of our voting power are held by affiliates of the Consenting Entities. Sales by the affiliates of the Consenting Entities or other holders of a substantial number of our Class A shares in the public markets, or the perception that such sales might occur, could have a material adverse effect on the price of our Class A shares or could impair our ability to obtain capital through an offering of equity securities. In addition, we have agreed to provide registration rights to affiliates of the Consenting Entities and certain other former members of New Fortress Energy Holdings.

An active, liquid and orderly trading market for our Class A shares may not be maintained and the price of our Class A shares may fluctuate significantly.

Prior to January 2019, there was no public market for our Class A shares. An active, liquid and orderly trading market for our Class A shares may not be maintained. Active, liquid and orderly trading markets usually result in less price volatility and more efficiency in carrying out investors' purchase and sale orders. The market price of our Class A shares could vary significantly as a result of a number of factors, some of which are beyond our control. In the event of a drop in the market price of our Class A shares, you could lose a substantial part or all of your investment in our Class A shares.

For as long as we are an emerging growth company, we will not be required to comply with certain reporting requirements that apply to other public companies, including those relating to auditing standards and disclosure about our executive compensation.

The Jumpstart Our Business Startups Act, or "JOBS Act," contains provisions that, among other things, relax certain reporting requirements for "emerging growth companies," including certain requirements relating to auditing standards and compensation disclosure. We are classified as an emerging growth company. For as long as we are an emerging growth company, unlike other public companies, we will not be required to, among other things, (i) provide an auditor's attestation report on management's assessment of the effectiveness of our system of internal control over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act, (ii) comply with any new requirements adopted by the PCAOB requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and the financial statements of the issuer, (iii) provide certain disclosures regarding executive compensation required of larger public companies, or (iv) hold nonbinding advisory votes on executive compensation. We currently intend to take advantage of the exemptions described above. We have also elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(2) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As a result, our financial statements may not be comparable to companies that comply with public company effective dates, and our shareholders and potential investors may have difficulty in analyzing our operating results if comparing us to such companies. We will remain an emerging growth company for up to five years, although we will lose that status sooner if we have more than $1.07 billion of revenues in a fiscal year, have more than $700.0 million in market value of our Class A shares held by non-affiliates, or issue more than $1.0 billion of non-convertible debt over a three-year period.

To the extent that we rely on any of the exemptions available to emerging growth companies, you will receive less information about our executive compensation and internal control over financial reporting than issuers that are not emerging growth companies. If some investors find our Class A shares to be less attractive as a result, there may be a less active trading market for our Class A shares and our Class A share price may be more volatile.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders could lose confidence in our financial reporting, which would harm our business and the trading price of our Class A shares.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a publicly traded company. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. We cannot be certain that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to comply with our obligations under Section 404 of the Sarbanes-Oxley Act. Any failure to develop or maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our Class A shares.

The requirements of being a public company, including compliance with the reporting requirements of the Exchange Act and the requirements of the Sarbanes-Oxley Act, may strain our resources, increase costs and distract management, and we may be unable to comply with these requirements in a timely or cost-effective manner.

As a public company with shares listed on NASDAQ, we are and will be subject to an extensive body of regulations that did not apply to us previously, including certain provisions of the Sarbanes-Oxley Act, the Dodd-Frank Act, regulations of the SEC and NASDAQ requirements. Compliance with these rules and regulations increase our legal, accounting, compliance and other expenses that we did not incur prior to the IPO and has made some activities more time-consuming and costly. For example, as a result of becoming a public company, we added independent directors and created additional board committees. We entered into an administrative services agreement with FIG LLC, an affiliate of Fortress (which currently employs Messrs. Edens, our chief executive officer and chairman of our Board of Directors, and Nardone, one of our Directors), in connection with the IPO, pursuant to which FIG LLC provides us with certain back-office services and charges us for selling, general and administrative expenses incurred to provide these services. FIG LLC will also continue to provide compliance services for the foreseeable future and any transition will take place over time. In addition, we may incur additional costs associated with our public company reporting requirements and maintaining directors' and officers' liability insurance. Because of the limitations in coverage for directors, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers. It is possible that our actual incremental costs of being a publicly traded company will be higher than we currently estimate, and the incremental costs may have a material adverse effect on our business, prospects, financial condition, results of operations and cash flows.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our Class A shares or if our operating results do not meet their expectations, our share price could decline.

The trading market for our Class A shares will be influenced by the research and reports that industry or securities analysts publish about us or our business. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose viability in the financial markets, which in turn could cause our share price or trading volume to decline.

NFE is a holding company. NFE's sole material asset is its equity interest in NFI, and accordingly, NFE is dependent upon distributions from NFI to pay taxes and cover its corporate and other overhead expenses.

NFE is a holding company and has no material assets other than its equity interest in NFI. NFE has no independent means of generating revenue. To the extent NFI has available cash and subject to the terms of NFI's credit agreements and any other debt instruments, we will cause NFI to make distributions to NFE, in an amount sufficient to allow NFE to pay its taxes, and to NFE in an amount at least sufficient to reimburse NFE for its corporate and other overhead expenses. To the extent that NFE needs funds and NFI or its subsidiaries are restricted from making such distributions under applicable law or regulation or under the terms of their financing arrangements or are otherwise unable to provide such funds, NFE's liquidity and financial condition could be adversely affected. Following the Exchange Transactions, the only members of NFI are NFE and NFE Sub LLC (a wholly-owned subsidiary of NFE).

We may fail to realize the anticipated benefits of the Exchange Transactions and the Conversion or those benefits may take longer to realize than expected or may not offset the costs of the Exchange Transactions and the Conversion, which could have an adverse impact on the trading price of our Class A shares.

We expect the Exchange Transactions will confer several significant benefits to us. Most notably, we expect that the Exchange Transactions will significantly reduce our future tax distribution obligations to the members of NFI, which will enable us to instead invest those funds to develop projects that we expect will increase our returns for all shareholders, enhance our liquidity, improve our credit profile and potentially lower our cost of capital.

We believe that the Conversion will, among other things, improve trading liquidity, expand our global investor base and drive greater value for all of our shareholders over time. However, the level of investor interest in our Class A shares may not meet our expectations. For example, benchmark stock indices may change their eligibility requirements in a manner that is adverse to us or otherwise determine not to include our Class A shares. Moreover, even if we succeed in having our shares included in key stock indices, this may not result in the increased demand for our stock that we anticipate.

We may fail to realize the anticipated benefits of the Exchange Transactions and the Conversion or those benefits may take longer to realize than we expect. Moreover, there can be no assurance that the anticipated benefits of the Exchange Transactions and the Conversion will offset their costs. Our failure to achieve the anticipated benefits of the Exchange Transactions and the Conversion at all or in a timely manner, or a failure of any benefits realized to offset its costs, could have an adverse impact on the trading price of our Class A shares.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

The Exchange Transaction

On June 10, 2020, the Company completed the Exchange Transactions and issued 144,342,572 Class A shares in exchange for an equal number of NFI Units, together with an equal number of Class B shares of NFE. Following the completion of the Exchange Transactions, the Company owns all of the NFI Units directly or indirectly and no Class B shares remain outstanding. As of June 30, 2020, NFE has 168,587,346 Class A shares outstanding.

Prior to the Exchange Transactions, the Company recognized the Exchanging Members' economic interest in NFI as non-controlling interest in the Company's condensed consolidated financial statements. Results of operations for the period prior to the date of the Exchange Transactions, June 10, 2020, was attributed to non-controlling interest based on the Exchanging Members' interest in NFI; subsequent to the Exchange Transactions, results of operations, excluding results attributable to other investors in non-wholly owned subsidiaries, were recognized as net income or loss attributable to stockholders. Amounts that were attributable to these Exchanging Members' prior interest in NFI previously shown as non-controlling interest on the Company's consolidated balance sheets have been reclassified to Class A shares.

Upon completion of the Exchange Transactions, the Company reclassified $206,587 from non-controlling interest to Class A shares. If the Exchange Transactions had been completed on February 4, 2019, the date of the Company's initial public offering, $166.7 million and $77.4 million that was presented within net loss attributable to non-controlling interest in the Company's consolidated statement of operations for the year ended December 31, 2019 and six months ended June 30, 2020, respectively, would have been presented as net loss attributable to stockholders. Net loss per share (basic and diluted) would have been $(1.29) and $(1.31) for the year ended December 31, 2019 and the six months ended June 30, 2020, respectively. The Company's financial information described above has been prepared on a pro forma basis and does not purport to be indicative of the Company's results of operations or financial position had the exchange transactions occurred on the dates assumed and does not project the Company's results of operations or financial position for any future period or date.

Conversion to a Corporation

On August 3, 2020, we announced our decision to complete the final step in simplifying our corporate structure by converting New Fortress Energy LLC from a Delaware limited liability company to a Delaware corporation named New Fortress Energy Inc. Since its IPO, NFE has been a corporation for U.S. federal tax purposes, so converting NFE from a limited liability company to a corporation has no effect on the U.S. federal tax treatment of the Company or its shareholders. We expect the Conversion to become effective at 12:01 a.m. Eastern Time on August 7, 2020 (such date and time at which the Conversion becomes effective, the "Effective Time"). The Conversion was approved by our board of directors, following receipt of special approval of the Conversion pursuant to our LLC Agreement. Under Section 10.3(d) of our LLC Agreement, no vote of the members is required or will be sought for the Conversion.

We believe that the Conversion will further improve our trading liquidity and, as a result, make us more attractive to investors. Following the Conversion, we also anticipate that our common stock will be eligible for inclusion in benchmark stock indices currently utilized by more than $8 trillion of industry assets, which amount we expect will increase over time. We also believe that, as a corporation, we will enhance our access to capital markets and our common stock will be more attractive as a currency in future strategic transactions. There can be no assurance that we can realize all or some of the anticipated benefits in a timely manner or at all.

Conversion Steps

On August 3, 2020, in order to implement the Conversion, we filed with the Secretary of State of the State of Delaware a Certificate of Conversion (the "Certificate of Conversion") and a Certificate of Incorporation (the "Certificate of Incorporation"). As a result, at the Effective Time, the Company will convert to a corporation pursuant to a plan of conversion (the "Plan of Conversion"), and the Certificate of Incorporation and the By-Laws of the Corporation (the "By-Laws") will become effective. Following the Conversion, the Corporation will be named "New Fortress Energy Inc."

On August 3, 2020, the Company notified NASDAQ Global Select Market ("NASDAQ") that the Certificate of Conversion had been filed with the Secretary of State of the State of Delaware. At the Effective Time, each Class A common share representing Class A limited liability company interests of the Company ("Class A Common Shares"), outstanding immediately prior to the Effective Time will be converted into one issued and outstanding, fully paid and nonassessable share of Class A common stock, $0.01 par value per share, of the Corporation ("Class A Common Stock"). The Company will request that, as of the open of trading on August 7, 2020, NASDAQ cease trading of the Class A Common Shares and commence trading of the Class A Common Stock on NASDAQ under the existing ticker symbol "NFE." No action or approval by the current holders of Class A Common Shares is currently anticipated with respect to the Conversion and no new CUSIP numbers will be issued.

The shares of Class A Common Stock issued upon effectiveness of the Conversion will carry all rights with respect to the Class A Common Shares, including the right to receive any distributions declared but not yet paid on the Class A Common Shares prior to the Conversion.

Rights of Stockholders

The Certificate of Incorporation and By-Laws provide the Corporation's stockholders following the Conversion with substantially the same rights and obligations that shareholders have pursuant to the LLC Agreement. Following the Conversion, except as otherwise expressly provided in the Certificate of Incorporation and By-Laws, the holders of Class A Common Stock will be entitled to vote on all matters on which stockholders of a corporation are generally entitled to vote on under the Delaware General Corporation Law, including the election of the board of directors of the Corporation. Holders of Class A Common Stock will be entitled to one vote per share of Class A Common Stock.

Directors and Executive Officers

The directors and executive officers of the Company immediately prior to the Effective Time will become the directors and executive officers of the Corporation at the Effective Time. In addition, the committees of the board, and the membership thereof, immediately prior to the Effective Time, will be replicated at the Corporation at the Effective Time.

The foregoing descriptions are qualified by reference to the forms of the Plan of Conversion, Certificate of Conversion, Certificate of Incorporation and the Bylaws, which are filed as Exhibits 99.1, 99.2, 99.3 and 99.4, respectively, to this Quarterly Report on Form 10-Q.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Certificate of Formation of New Fortress Energy LLC (incorporated by reference to Exhibit 3.1 to the Registrant's Registration Statement on Form S-1 (File No. 333-228339), filed with the SEC on November 9, 2018)
3.2	Certificate of Amendment to Certificate of Formation of New Fortress Energy LLC (incorporated by reference to Exhibit 3.2 to the Registrant's Registration Statement on Form S-1 (File No. 333-228339), filed with the SEC on November 9, 2018)
3.3	First Amended and Restated Limited Liability Company Agreement of New Fortress Energy LLC, dated February 4, 2019 (incorporated by reference to Exhibit 3.1 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.1	Mutual Agreement, dated June 3, 2020, by and among New Fortress Energy LLC, Fortress Equity Partners GP, LLC, WRE 2012 Trust LLC, FEP HoldCo LLC, Wesley R Edens, Randal A Nardone, NFE SMRS Holdings LLC and NFE Sub LLC (incorporated by reference to Exhibit 10.1 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on June 9, 2020)
10.2	Amended and Restated Limited Liability Company Agreement of New Fortress Intermediate LLC, dated February 4, 2019 (incorporated by reference to Exhibit 10.2 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.3†	New Fortress Energy LLC 2019 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.4 to the Registrant's Registration Statement on Form S-8 (File No. 333-229507), filed with the SEC on February 4, 2019)
10.4†	Form of Director Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.4 to the Registrant's Registration Statement on Form S-1/A (File No. 333-228339), filed with the SEC on December 24, 2018)
10.5†	Form of Employee Restricted Share Unit Award Agreement (incorporated by reference to Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q (File No. 001- 38790), filed with the Commission on May 15, 2019)
10.6	Shareholders' Agreement, dated February 4, 2019, by and among New Fortress Energy LLC, New Fortress Energy Holdings LLC, Wesley R. Edens and Randal A. Nardone (incorporated by reference to Exhibit 4.1 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.7	Administrative Services Agreement, dated February 4, 2019, by and between New Fortress Intermediate LLC and FIG LLC (incorporated by reference to Exhibit 10.3 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.8†	Indemnification Agreement (Edens) (incorporated by reference to Exhibit 10.4 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.9†	Indemnification Agreement (Guinta) (incorporated by reference to Exhibit 10.5 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.10†	Indemnification Agreement (Catterall) (incorporated by reference to Exhibit 10.7 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.11†	Indemnification Agreement (Grain) (incorporated by reference to Exhibit 10.8 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.12†	Indemnification Agreement (Griffin) (incorporated by reference to Exhibit 10.9 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.13†	Indemnification Agreement (Mack) (incorporated by reference to Exhibit 10.10 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.14†	Indemnification Agreement (Nardone) (incorporated by reference to Exhibit 10.11 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.15†	Indemnification Agreement (Wanner) (incorporated by reference to Exhibit 10.12 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)
10.16†	Indemnification Agreement (Wilkinson) (incorporated by reference to Exhibit 10.13 to the Registrant's Form 8-K (File No. 001-38790), filed with the SEC on February 5, 2019)

10.17	Amendment Agreement dated as February 11, 2019 to Credit Agreement, dated as of August 15, 2018 and as amended and restated as of December 31, 2018, among New Fortress Intermediate LLC, NFE Atlantic Holdings LLC, the subsidiary guarantors from time to time party thereto, lenders parties thereto and Morgan Stanley Senior Funding, Inc., as administrative agent (incorporated by reference to Exhibit 10.25 to the Registrant's Annual Report on Form 10-K, filed with the SEC on March 26, 2019)
10.18	Second Amendment Agreement, dated as of March 13, 2019 to the Credit Agreement, dated as of August 15, 2018 and as amended and restated as of December 31, 2018, and as amended as of February 11, 2019, among New Fortress Intermediate LLC, NFE Atlantic Holdings LLC, the subsidiary guarantors from time to time party thereto, lenders parties thereto and Morgan Stanley Senior Funding, Inc., as administrative agent (incorporated by reference to Exhibit 10.26 to the Registrant's Annual Report on Form 10-K, filed with the SEC on March 26, 2019)
10.19	Engineering, Procurement and Construction Agreement for the Marcellus LNG Production Facility I, dated January 8, 2019, by and between Bradford County Real Estate Partners LLC and Black & Veatch Construction, Inc. (incorporated by reference to Exhibit 10.17 to the Registrant's Registration Statement on Form S-1/A (File No. 333-228339), filed with the SEC on January 25, 2019)
10.20†	Indemnification Agreement, dated as of March 17, 2019, by and between New Fortress Energy LLC and Yunyoung Shin (incorporated by reference to Exhibit 10.29 to the Registrant's Annual Report on Form 10-K, filed with the SEC on March 26, 2019)
10.21	Letter Agreement, dated as of December 3, 2019, by and between NFE Management LLC and Yunyoung Shin. (incorporated by reference to Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q, filed with the SEC on May 5, 2020)
31.1*	Certification by Chief Executive Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by Chief Financial Officer pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certifications by Chief Executive Officer pursuant to Title 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
32.2**	Certifications by Chief Financial Officer pursuant to Title 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of Sarbanes-Oxley Act of 2002.
99.1*	Plan of Conversion
99.2*	Certificate of Conversion to a Corporation of New Fortress Energy LLC.
99.3*	Certificate of Incorporation of New Fortress Energy Inc.
99.4*	By-Laws of New Fortress Energy Inc.
101.INS*	XBRL Instance Document
101.SCH*	XBRL Schema Document
101.CAL*	XBRL Calculation Linkbase Document
101.LAB*	XBRL Label Linkbase Document
101.PRE*	XBRL Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document

* Filed as an exhibit to this Quarterly Report
** Furnished as an exhibit to this Quarterly Report
† Compensatory plan or arrangement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEW FORTRESS ENERGY LLC

Date: August 3, 2020

By: /s/ Wesley R. Edens
Name: Wesley R. Edens
Title: Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: August 3, 2020

By: /s/ Christopher S. Guinta
Name: Christopher S. Guinta
Title: Chief Financial Officer
(Principal Financial Officer)

Date: August 3, 2020

By: /s/ Yunyoung Shin
Name: Yunyoung Shin
Title: Chief Accounting Officer
(Principal Accounting Officer)

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

I, Wesley R. Edens, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "report") of New Fortress Energy LLC (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2020

By: /s/ Wesley R. Edens
Wesley R. Edens
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Christopher S. Guinta, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q (the "report") of New Fortress Energy LLC (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2020

By: /s/ Christopher S. Guinta
Christopher S. Guinta
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER UNDER SECTION 906
OF THE SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with the Quarterly Report on Form 10-Q of New Fortress Energy LLC (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Wesley R. Edens, Chief Executive Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2020

By: /s/ Wesley R. Edens
Wesley R. Edens
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER UNDER SECTION 906
OF THE SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with Quarterly Report on Form 10-Q of New Fortress Energy LLC (the "Company"), as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Christopher S. Guinta, Chief Financial Officer of the Company, certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2020

By: /s/ Christopher S. Guinta
Christopher S. Guinta
Chief Financial Officer
(Principal Financial Officer)

Exhibit 99.1

PLAN OF CONVERSION

This PLAN OF CONVERSION (this "**Plan of Conversion"**) sets forth the terms and conditions pursuant to which New Fortress Energy LLC, a Delaware limited liability company (the "Company"), shall effect a conversion into a Delaware corporation (the "Conversion") to be known as New Fortress Energy Inc., pursuant to Section 18-216 of the Delaware Limited Liability Company Act (the "Act") and Section 265 of the Delaware General Corporation Law (the "DGCL").

RECITALS

WHEREAS, the Company is a limited liability company duly formed and validly existing under the laws of the State of Delaware;

WHEREAS, Section 10.3(d) of the Company's First Amended and Restated Limited Liability Company Agreement (as amended, the "LLC Agreement") provides that the Board of Directors of the Company (the "Board") is permitted, without approval of the Company's members (the "Members"), to convert the Company into a new limited liability entity if (i) the sole purpose of such conversion is to effect a mere change in the legal form of the Company and (ii) the governing instruments of the new entity provide the Members and the Board with substantially the same rights and obligations as contained in the LLC Agreement;

WHEREAS, in accordance with the provisions of Section 10.3(d) of the LLC Agreement, the Board has determined that it is advisable and in the best interests of the Company that the Company be converted into and thereafter become, and continue to exist as, a Delaware corporation pursuant to Section 18-216 of the Act and Section 265 of the DGCL;

WHEREAS, for U.S. federal (and corresponding state and local) income tax purposes, (i) the Conversion is intended to qualify as a reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the "Code"), (ii) this Plan of Conversion constitutes a plan of reorganization within the meaning of U.S. Treasury Regulations Section 1.368-2(g), and (iii) the Company and New Fortress Energy Inc. will each be a party to such reorganization within the meaning of Section 368(b) of the Code;

WHEREAS, Section 5.20 of the LLC Agreement permits a process pursuant to which Special Approval (as defined in the LLC Agreement) may be obtained with respect to any transaction, activity, arrangement or circumstance that may involve a potential conflict of interest, if (i) it has been specifically approved by a majority of the members of the Conflicts Committee (as defined in the LLC Agreement), or (ii) it complies with any rules or guidelines established by the Conflicts Committee with respect to categories of transactions, activities, arrangements or circumstances that are deemed approved by the Conflicts Committee;

WHEREAS, the Conflicts Committee, after due and careful consideration, (i) has unanimously determined that it is advisable and in the best interests of the Company that the Company be converted into and thereafter become, and continue to exist as, a corporation in accordance with Section 18-216 of the Act and Section 265 of the DGCL, (ii) has provided its "Special Approval" of such Conversion pursuant to Section 5.20 of the LLC Agreement and (iii) has unanimously approved, and recommended that the Board approve, such Conversion;

WHEREAS, the Board has determined that it is advisable and in the best interests of the Company that the Company be converted into and thereafter become, and continue to exist as, a corporation in accordance with Section 18-216 of the Act and Section 265 of the DGCL; and

WHEREAS, pursuant to Section 18-404(d) of the Act, the Board has, at a meeting of the Board, duly approved, authorized, adopted, ratified and confirmed the Conversion pursuant to Section 18-216 of the Act and Section 265 of the DGCL, upon the terms and subject to the conditions set forth in this Plan of Conversion.

NOW, THEREFORE, in consideration of the covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Company agrees as follows:

1. Conversion. At the Effective Time (as defined below), the Company will be converted into a Delaware corporation, pursuant to Section 18-216 of the Act and Section 265 of the DGCL, under the name "New Fortress Energy Inc." (the "Corporation") and will, for all purposes of the laws of the State of Delaware, be deemed to be the same entity as the Company. The Company will not be required to wind up its affairs or pay its liabilities and distribute its assets, and the Conversion will not be deemed to constitute a dissolution of the Company and will constitute a continuation of the existence of the Company in the form of a Delaware corporation.

2. Effective Time. On August 3, 2020, the Company shall file the Certificate of Conversion, in the form attached hereto as Exhibit A, and the Certificate of Incorporation, in the form attached hereto as Exhibit B (the "Certificate of Incorporation"), with the Secretary of State of the State of Delaware pursuant to Section 265 of the DGCL. The Conversion shall become effective at 12:01 a.m. (Eastern time) on August 7, 2020 (such time of effectiveness, the "Effective Time").

3. Governing Documents. (i) At the Effective Time, the Certificate of Formation shall be cancelled and the LLC Agreement shall be terminated and be of no further force or effect and (ii) from and after the Effective Time, the Certificate of Incorporation, and the By-Laws of the Corporation, in the form attached hereto as Exhibit C (the "By-Laws"), will govern the affairs of the Corporation and the conduct of its business, until thereafter amended in accordance with the DGCL and their respective terms.

4. Conversion of Shares. At the Effective Time, by virtue of the Conversion and without any action on the part of the Company, the Board or any Member, each Class A Share of the Company issued and outstanding immediately prior to the Effective Time shall be automatically converted into one share of Class A Common Stock, par value $0.01 per share, of the Corporation.

5. Board of Directors. Each member of the board of directors of the Company as of immediately prior to the Effective Time shall be a director of the Corporation from and after the Effective Time, each of whom shall serve as directors of the Corporation until such time as their respective successors have been duly elected and qualified, or until such director's earlier removal, resignation, death or disability, in each case, in accordance with the DGCL, the Certificate of Incorporation and the By-Laws. Wesley R. Edens shall be Chairman of the board of directors of the Corporation immediately upon the Effective Time.

6. Officers. Each officer of the Company as of immediately prior to the Effective Time shall be an officer of the Corporation from and after the Effective Time, and shall retain the same title with the Corporation from and after the Effective Time as he or she had with the Company immediately prior to the Effective Time, each of whom shall serve until such time as their respective successors have been designated by the Board, or until such officer's earlier removal, resignation, death or disability, in each case, in accordance with the DGCL, the Certificate of Incorporation and the By-Laws.

7. Effects of Conversion. Immediately upon the Effective Time, the Conversion shall have the effects set forth in 18-216(h) of the Act and Section 265(f) of the DGCL, including, without limitation, all of the rights, privileges and powers of the Company, and all property, real, personal and mixed, and all debts due to the Company, as well as all other things and causes of action belonging to the Company, will remain vested in the Corporation and will be the property of the Corporation and the title to any real property vested by deed or otherwise in the Company will not revert or be in any way impaired by reason of the Act or the DGCL. Following the Conversion, all rights of creditors and all liens upon any property of the Company will be preserved unimpaired, and all debts, liabilities and duties of the Company will remain attached to the Corporation, and may be enforced against the Corporation to the same extent as if said debts, liabilities and duties had originally been incurred or contracted by the Corporation. The rights, privileges, powers and interests in property of the Company, as well as the debts, liabilities and duties of the Company, will not be deemed, as a consequence of the Conversion, to have been transferred to the Corporation for any purpose of the laws of the State of Delaware.

8. Further Assurances. If at any time the Corporation, or its successors or assigns, shall consider or be advised that any further assignments or assurances in law or any other acts are necessary or desirable to carry out the purposes of this Plan of Conversion, the Company and its directors and authorized officers shall be deemed to have granted to the Corporation an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary or proper to vest, perfect or confirm title to and possession of such rights, properties or assets in the Corporation and otherwise to carry out the purposes of this Plan of Conversion, and the directors and authorized officers of the Corporation are fully authorized in the name of the Company or otherwise to take any and all such action.

9. Governing Law. This Plan of Conversion shall be governed by and construed under the laws of the State of Delaware, without giving effect to any choice of law or conflict of law provisions or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any other jurisdictions other than the State of Delaware.

10. Amendment or Termination. This Plan of Conversion may be amended or terminated at any time before the Effective Time by action of the Board.

***

Exhibit A

Certificate of Conversion

[See attached]

Exhibit B

Certificate of Incorporation

[See attached]

Exhibit C

By-Laws

[See attached]

Exhibit 99.2

CERTIFICATE OF CONVERSION

TO A CORPORATION

OF

NEW FORTRESS ENERGY LLC

Pursuant to Sections 103 and 265 of the
General Corporation law of the State of Delaware

August 3, 2020

1. The date on which the limited liability company was first formed was the 6th day of August, 2018.

2. The name of the limited liability company immediately prior to the filing of this Certificate of Conversion is New Fortress Energy LLC.

3. The name of the corporation into which the limited liability company shall be converted, as set forth in its Certificate of Incorporation, is New Fortress Energy Inc.

4. The limited liability company is a limited liability company formed under the laws of the State of Delaware.

5. This Certificate of Conversion shall be effective at 12:01 a.m. Eastern Time on August 7, 2020.

[*Signature page follows.*]

IN WITNESS WHEREOF, the limited liability company has caused this Certificate of Conversion to be executed in its name as of the date first written above.

NEW FORTRESS ENERGY LLC

By: /s/ Cameron D. MacDougall
Name: Cameron D. MacDougall
Title: General Counsel and Secretary

Exhibit 99.3

CERTIFICATE OF INCORPORATION

OF

NEW FORTRESS ENERGY INC.

August 3, 2020

FIRST: The name of the Corporation is: New Fortress Energy Inc. (the "Corporation"). The Corporation's business may be conducted in accordance with applicable law under any other name or names, as determined by the Board of Directors of the Corporation (the "Board of Directors"). The words "Inc.," "corporation," or similar words or letters shall be included in the Corporation's name where necessary for the purpose of complying with the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "DGCL"). The Board of Directors may change the name of the Corporation at any time and from time to time in accordance with the DGCL and shall notify the Corporation's stockholders of such change as required by the DGCL or other applicable law.

SECOND: The registered office of the Corporation in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801, and the registered agent for service of process on the Corporation in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Corporation shall be located at 111 W. 19th Street, 8th Floor, New York, New York 10011 or such other place as the Board of Directors may from time to time designate by notice to the stockholders. The Corporation may maintain offices at such other place or places within or outside the State of Delaware as the Board of Directors determines to be necessary or appropriate.

THIRD: The purposes of the Corporation shall be to (a) promote, conduct or engage in, directly or indirectly, any lawful act or activity for which a corporation may be organized under the DGCL, (b) acquire, hold and dispose of interests in any corporation, partnership, joint venture, limited liability company or other entity, and, in connection therewith, to exercise all of the rights and powers conferred upon the Corporation with respect to its interests therein, and (c) conduct any and all activities related or incidental to the foregoing purposes. The Corporation shall be empowered to do any and all acts and things necessary and appropriate for the furtherance and accomplishment of the purposes described in this Article THIRD. The Corporation's term shall be perpetual, unless and until it is dissolved in accordance with the provisions of the DGCL.

FOURTH: The Corporation is authorized to issue up to 750 million Class A Shares, each having a par value of one cent ($0.01), 50 million Class B Shares, each having a par value of one cent ($0.01), and 200 million Preferred Shares, each having a par value of one cent ($0.01). All Shares issued pursuant to, and in accordance with the requirements of, this Article FOURTH shall be validly issued, fully paid and nonassessable Shares in the Corporation, except to the extent otherwise provided in the DGCL or this Certificate of Incorporation (including any Share Designation).

The Corporation may issue Shares, and options, rights, warrants and appreciation rights relating to Shares, for any corporate purpose at any time and from time to time to such Persons for such consideration (which may be cash, property, services or any other lawful consideration) and on such terms and conditions as the Board of Directors or its delegees shall determine in accordance with the DGCL, all without the approval of any stockholders to the extent permitted by applicable law. Each Share shall have the rights and be governed by the provisions set forth in this Certificate of Incorporation (including any Share Designation). Except to the extent expressly provided in this Certificate of Incorporation (including any Share Designation), no Shares shall entitle any stockholder to any preemptive, preferential, or similar rights with respect to the issuance of Shares.

As of the date of this Certificate of Incorporation, two classes of Shares have been designated: Class A Shares and Class B Shares. The Class A Shares and the Class B Shares shall entitle the Record Holders thereof to one vote per Share on any and all matters submitted for the consent or approval of stockholders generally. The Corporation and certain stockholders entered into the Shareholders Agreement, which sets forth certain agreements among them, including with respect to the selection of nominees for the Board of Directors, limitations on the transfer of the Class B Shares, and the registration of the Class A Shares issuable upon the redemption of the Class B Shares under the Securities Act.

In addition to the Class A Shares and the Class B Shares outstanding on the date hereof, and without the consent or approval of any stockholders to the extent permitted by applicable law, additional Shares may be issued by the Corporation in one or more classes, with such designations, preferences, rights, powers and duties (which may be junior to, equivalent to, or senior or superior to, any existing classes of Shares), as shall be fixed by the Board of Directors and reflected in a written action or actions approved by the Board of Directors (each, a "Share Designation"), including (i) the right to share Corporation profits and losses or items thereof; (ii) the right to share in Corporation distributions, the dates distributions will be payable and whether distributions with respect to such series or class will be cumulative or non-cumulative; (iii) rights upon dissolution and liquidation of the Corporation; (iv) whether, and the terms and conditions upon which, the Corporation may redeem the Shares; (v) whether such Shares are issued with the privilege of conversion or exchange and, if so, the conversion or exchange price or prices or rate or rates, or any adjustments thereto, the date or dates on which, or the period or periods during which, the Shares will be convertible or exchangeable and all other terms and conditions upon which the conversion or exchange may be made; (vi) the terms and conditions upon which such Shares will be issued, evidenced by certificates and assigned or transferred; (vii) the terms and amounts of any sinking fund provided for the purchase or redemption of Shares of the class or series; (viii) whether there will be restrictions on the issuance of Shares of the same class or series or any other class or series; and (ix) the right, if any, of the holder of each such Share to vote on Corporation matters, including matters relating to the relative rights, preferences and privileges of such Shares. Unless otherwise provided in the applicable Share Designation, the Board of Directors may at any time increase or decrease the amount of Preferred Shares of any class or series then outstanding, but not (i) below the number of Preferred Shares of such class or series then outstanding or (ii) above the total number of authorized Preferred Shares (together with all other authorized Preferred Shares).

To the extent permitted by the DGCL, the Board of Directors may, without the consent or approval of any stockholders, amend this Certificate of Incorporation and make any filings under the DGCL or otherwise to the extent the Board of Directors determines that it is necessary or desirable in order to reflect any Share Designation of Preferred Shares pursuant to this Article FOURTH.

FIFTH: Subject to the prior rights and preferences, if any, applicable to Preferred Shares or any series thereof, the holders of Class A Shares shall be entitled to receive ratably in proportion to the number of Class A Shares held by them such dividends and distributions (payable in cash, stock or otherwise), if any, as may be declared thereon by the Board of Directors at any time and from time to time out of any funds of the Corporation legally available therefor. Dividends and other distributions shall not be declared or paid on the Class B Shares unless (i) the dividend consists of Class B Shares or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for Class B Shares paid proportionally with respect to each outstanding Class B Share and (ii) a dividend consisting of Class A Shares or of rights, options, warrants or other securities convertible or exercisable into or exchangeable for Class A Shares on equivalent terms is simultaneously paid to the holders of Class A Shares. If dividends are declared on the Class A Shares or the Class B Shares that are payable in Common Shares, or securities convertible into, or exercisable or exchangeable for Common Shares, the dividends payable to the holders of Class A Shares shall be paid only in Class A Shares (or securities convertible into, or exercisable or exchangeable for Class A Shares), the dividends payable to the holders of Class B Shares shall be paid only in Class B Shares (or securities convertible into, or exercisable or exchangeable for Class B Shares), and such dividends shall be paid in the same number of Shares (or fraction thereof) on a per Share basis of the Class A Shares and Class B Shares, respectively (or securities convertible into, or exercisable or exchangeable for the same number of Shares (or fraction thereof) on a per Share basis of the Class A Shares and Class B Shares, respectively). In no event shall either Class A Shares or Class B Shares be split, divided, or combined unless the outstanding Shares of the other class shall be proportionately split, divided or combined. Each distribution in respect of a Class A Share shall be paid by the Corporation, directly or through the Transfer Agent or through any other Person or agent, only to the Record Holder of such Class A Share as of the Record Date set for such distribution. Such payment shall constitute full payment and satisfaction of the Corporation's liability in respect of such payment, regardless of any claim of any Person who may have an interest in such payment by reason of an assignment or otherwise.

SIXTH: The name and mailing address of the Sole Incorporator is as follows:

Name	Address
Cameron D. MacDougall	111 W. 19th Street, 8th Floor New York, NY 10011

The powers of the Sole Incorporator shall terminate upon the filing of this Certificate of Incorporation with the Secretary of State of the State of Delaware.

SEVENTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its Directors and stockholders:

(1) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(2) The Board of Directors shall consist of not fewer than one nor more than fifteen members, the exact number of which shall initially be eight and thereafter the number of Directors which shall constitute the whole Board of Directors shall be determined from time to time by resolution adopted by a majority of the Board of Directors then in office, provided that, for so long as the Consenting Entities or their respective Affiliates shall have the right to designate nominees to the Board of Directors under the Shareholders Agreement, the number of Directors may not be increased without the consent of the Consenting Entities or their respective Affiliates, as applicable. The Directors shall be divided into three classes, designated Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the total number of Directors constituting the whole Board of Directors. As of the date of this Certificate of Incorporation, the Class I Directors shall be John J. Mack, Katherine E. Wanner and Matthew Wilkinson, the Class II Directors shall be David J. Grain and C. William Griffin, and the Class III Directors shall be Desmond Iain Catterall, Wesley R. Edens and Randal A. Nardone. The mailing address for each of the Directors listed in the prior sentence is 111 W. 19th Street, 8th Floor, New York, New York 10011. As of the date of this Certificate of Incorporation, the Class I Directors shall have a term expiring at the 2023 annual meeting of stockholders, the Class II Directors shall have a term expiring at the 2021 annual meeting of stockholders, and the Class III Directors shall have a term expiring at the 2022 annual meeting of stockholders. Each Director shall hold office until his or her successor is elected or appointed and qualified, or until his or her earlier death, resignation or removal. At each succeeding annual meeting of Members beginning in 2021, successors to the class of Directors whose term expires at that annual meeting shall be elected for a three (3)-year term and until their successors are duly elected or appointed and qualified. If the number of Directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain the number of Directors in each class as nearly equal as possible, and any additional Director of any class elected to fill a vacancy resulting from an increase in such class or from the death, resignation or removal from office of a Director or other cause shall hold office for a term that shall coincide with the remaining term of that class, but in no case will a decrease in the number of Directors shorten the term of any incumbent Director. Directors need not be stockholders. The Directors shall be elected at the annual meeting of stockholders, except as provided in clause (3) of this Article SEVENTH and each Director elected shall hold office until the third succeeding meeting next after such Director’s election and until such Director’s successor is duly elected and qualified, or until such Director’s death or until such Director resigns or is removed in the manner hereinafter provided. Directors shall be elected by a plurality of the votes of Outstanding Voting Shares present in person or represented by proxy and entitled to vote on the election of Directors at any annual or special meeting of stockholders. Any Director or the whole Board of Directors may be removed, with or without cause, at any time, by the affirmative vote of holders of a Share Majority, given at an annual meeting or at a special meeting of stockholders called for that purpose. The vacancy in the Board of Directors caused by any such removal shall be filled by the Board of Directors as provided in clause (3) of this Article SEVENTH.

(3) Unless otherwise required by law and subject to clause (2) of this Article SEVENTH and the Shareholders Agreement, any vacancy on the Board of Directors that results from newly created Directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, provided that a quorum is present, and any other vacancies may be filled by a majority of the Directors then in office, though less than a quorum, or by a sole remaining Director. Any Director of any class elected to fill a vacancy resulting from an increase in the number of Directors of such class shall hold office for a term that shall coincide with the remaining term of that class and until such Director's successor is duly elected or appointed and qualified, or until his or her earlier death, resignation or removal. Any Director elected to fill a vacancy not resulting from an increase in the number of Directors shall have the same remaining term as that of such Director's predecessor and until such Director's successor is duly elected or appointed and qualified, or until his or her earlier death, resignation or removal. If there are no Directors in office, then an election of Directors may be held in the manner provided by the DGCL.

(4) No Director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a Director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. If the DGCL is amended hereafter to authorize the further elimination or limitation of the liability of directors, then the liability of a Director of the Corporation shall be eliminated or limited to the fullest extent authorized by the DGCL, as so amended. Any repeal or modification of this Article SEVENTH shall not adversely affect any right or protection of a Director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

(5) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the Directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the DGCL, this Certificate of Incorporation, and any By-Laws of the Corporation (the "By-Laws") adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the Directors which would have been valid if such By-Laws had not been adopted.

EIGHTH: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws may provide. The books of the Corporation may be kept (subject to any provision contained in the DGCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

NINTH: The Corporation shall indemnify any Indemnified Person who (1) is or was a director or officer of the Corporation or its predecessor, is or was serving at the request of the Corporation or its predecessor as an officer, director, member, manager, partner, fiduciary or trustee of another Person (including any Subsidiary) (provided that a Person shall not be an Indemnified Person by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services), (2) is or was FEP, Fortress Investment Group LLC or their respective Affiliates, (3) is or was a Consenting Entity or their respective Affiliates or (4) is or was any Person the Board of Directors designates as an "Indemnified Person" for purposes of this Certificate of Incorporation, in each case of clauses (1), (2), (3) and (4), to the fullest extent authorized or permitted by applicable law, as now or hereafter in effect, and such right to indemnification shall continue as to a Person who has ceased to be an Indemnified Person and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any Indemnified Person (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such Person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article NINTH shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition upon receipt by the Corporation of an undertaking by or on behalf of the Indemnified Person receiving advancement to repay the amount advanced if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified by the Corporation under this Article NINTH.

The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article NINTH to Indemnified Persons.

The rights to indemnification and to the advancement of expenses conferred in this Article NINTH shall not be exclusive of any other right which any Person may have or hereafter acquire under this Certificate of Incorporation, the By-Laws, any statute, agreement, vote of stockholders or disinterested directors or otherwise.

Any repeal or modification of this Article NINTH by the stockholders of the Corporation shall not adversely affect any rights to indemnification and to the advancement of expenses of an Indemnified Person existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

TENTH: The Corporation hereby renounces, to the fullest extent permitted by Section 122 (17) of the DGCL, any interest or expectancy of the Corporation in, or in being offered, an opportunity to participate in, any Business Opportunity. A "Business Opportunity" is any matter, transaction or interest that is presented to, or acquired, created or developed by, or which otherwise comes into the possession of, any Director of the Corporation who is not an employee of the Corporation or any of its Subsidiaries (collectively, "Covered Persons"), unless such matter, transaction or interest is presented to, or acquired, created or developed by, or otherwise comes into the possession of, a Covered Person solely in such Covered Person's capacity as a Director of the Corporation. To the fullest extent permitted by law, the Corporation hereby waives any claim against a Covered Person, and agrees to indemnify all Covered Persons against any claim, that is based on fiduciary duties, the corporate opportunity doctrine or any other legal theory which could limit any Covered Person from pursuing or engaging in any Business Opportunity. Directors shall have no obligation hereunder or as a result of any duty expressed or implied by law to present Business Opportunities to the Corporation that may become available to affiliates of such Director. None of any Group Member, any stockholder or any other Person shall have any rights by virtue of a Director's duties as a director, this Certificate of Incorporation or any Group Member Agreement in any business ventures of any Director.

ELEVENTH: So long as the Consenting Entities or their Affiliates collectively directly or indirectly own at least 30% of the outstanding Shares, the Corporation shall not take and shall take all necessary action to cause its Subsidiaries not to take, directly or indirectly (whether by amendment, merger, consolidation, reorganization or otherwise) any of the following actions without the prior consent of each of the Consenting Entities (so long as such Consenting Entity or its Affiliates owns at least one Share), which consent may be withheld for any reason or no reason, in addition to the Board of Directors' approval (or, as applicable, the approval of the requisite governing body of any Subsidiary of the Corporation or any requisite statutory vote):

(1) any material change, through any acquisition, disposition of assets or otherwise, in the nature of the business or operations of the Corporation and its Subsidiaries as of February 4, 2019;

(2) terminating Wesley Edens as the chief executive officer of the Corporation and hiring his successor;

(3) removing Wesley Edens as the Chairman of the Board (the "Chairman of the Board");

(4) any transaction that, if consummated, would constitute a Change of Control or entering into any definitive agreement or series of related agreements that govern any transaction or series of related transactions that, if consummated, would result in a Change of Control;

(5) any increase or decrease in the size of the Board of Directors, committees of the Board of Directors and board and committees of subsidiaries of the Corporation;

(6) any voluntary election by the Corporation or any Subsidiary of the Corporation to liquidate or dissolve or commence bankruptcy or insolvency proceedings or the adoption of a plan with respect to any of the foregoing;

(7) any amendment, modification or waiver of this Article ELEVENTH; and

(8) any amendment, modification or waiver of this Certificate of Incorporation, the By-Laws or any other governing documents of the Corporation following the date of this Certificate of Incorporation that materially and adversely affects any Consenting Entity or any of their Affiliates.

For the avoidance of doubt, the Consenting Entities may determine to grant or withhold consent to any of the foregoing in their sole and absolute discretion, and nothing in this Article ELEVENTH, or the exercise of the rights contemplated hereby (including any grant or withholding of consent, as the case may be), shall be deemed to create or otherwise result in any duty, obligation or liability on the part of any Consenting Entity or any of their Affiliates, express or implied, in equity or otherwise.

TWELFTH: Unless otherwise required by law, special meetings of the stockholders may be called only by the Chairman of the Board or a majority of the Board of Directors or a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers include the authority to call such meetings. No stockholders or group of stockholders, acting in its or their capacity as stockholders, shall have the right to call a special meeting of the stockholders, except that if any Consenting Entities or their Affiliates collectively own Outstanding Voting Shares that represent a Share Majority, such Consenting Entities may call a special meeting of the stockholders.

THIRTEENTH: Notwithstanding anything to the contrary in Article V of the By-Laws, no Class B Shares may be transferred unless a corresponding number of units in New Fortress Intermediate are transferred therewith in accordance with this Certificate of Incorporation and the By-Laws.

FOURTEENTH:

(1) The Corporation hereby expressly elects not to be governed by Section 203 of the DGCL.

(2) Notwithstanding the foregoing, the Corporation shall not engage in any business combination with any interested stockholder for a period of three (3) years following the time that such stockholder became an interested stockholder, unless: (i) prior to such time, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; or (ii) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned (x) by persons who are directors and also officers and (y) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or (iii) at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock of the Corporation which is not owned by the interested stockholder.

(3) The restrictions contained in clause (2) of this Article FOURTEENTH shall not apply if:

(a) the Corporation does not have a class of voting stock that is: (i) listed on a national securities exchange; or (ii) held of record by more than 2,000 stockholders, unless any of the foregoing results from action taken, directly or indirectly, by an interested stockholder or from a transaction in which a person becomes an interested stockholder; or

(b) a stockholder becomes an interested stockholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that the stockholder ceases to be an interested stockholder; and (ii) would not, at any time within the three (3) year period immediately prior to a business combination between the Corporation and such stockholder, have been an interested stockholder but for the inadvertent acquisition of ownership.

(4) Solely for purposes of this Article FOURTEENTH, references to:

"associate," when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

"business combination," when used in reference to the Corporation and any interested stockholder of the Corporation, means: (i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation (a) with the interested stockholder, or (b) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation clause (2) of this Article FOURTEENTH is not applicable to the surviving entity; (ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation; (iii) any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (a) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (b) pursuant to a merger under Section 251(g) of the DGCL; (c) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (d) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of said stock; or (e) any issuance or transfer of stock by the Corporation; provided, however, that in no case under items (c)-(e) of this subsection (iii) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation (except as a result of immaterial changes due to fractional share adjustments); (iv) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into the stock of any class or series, of the Corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or (v) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (i)-(iv) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

"Direct Transferee" means any person that acquires (other than in a registered public offering) directly from the Consenting Entities or SMRS Holdings or any of their respective Affiliates, associates or successors or any "group", or any member of any such group, of which such persons are a party under Rule 13d-5 of the Exchange Act beneficial ownership of 15% or more of the then outstanding voting stock of the Corporation.

"Indirect Transferee" means any person that acquires (other than in a registered public offering) directly from any Direct Transferee or any other Indirect Transferee beneficial ownership of 15% or more of the then outstanding voting stock of the Corporation.

"interested stockholder" means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of 15% or more of the outstanding voting stock of the Corporation, or (ii) is an Affiliate or associate of the Corporation and was the owner of 15% or more of the outstanding voting stock of the Corporation at any time within the three (3) year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder; and the Affiliates and associates of such person; but "interested stockholder" shall not include (a) the Consenting Entities, SMRS Holdings, any Direct Transferee, any Indirect Transferee or any of their respective Affiliates, associates, successors or any "group", or any member of any such group, to which such persons are a party under Rule 13d-5 of the Exchange Act, or (b) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Corporation, provided that, solely with respect to clause (b) and not with respect to clause (a), such person shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of "owner" below but shall not include any other unissued stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

"owner," including the terms "own" and "owned," when used with respect to any stock, means a person that individually or with or through any of its Affiliates or associates: (i) beneficially owns such stock, directly or indirectly; or (ii) has (a) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person's Affiliates or associates until such tendered stock is accepted for purchase or exchange; or (b) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person's right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten (10) or more persons; or (iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (b) of subsection (ii) above), or disposing of such stock with any other person that beneficially owns, or whose Affiliates or associates beneficially own, directly or indirectly, such stock.

"person" means any individual, corporation, partnership, unincorporated association or other entity.

"SMRS Holdings" means NFE SMRS Holdings LLC.

"stock" means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

"voting stock" means stock of any class or series entitled to vote generally in the election of directors.

FIFTEENTH:

(1) Except as provided in clauses (2) and (3) of this Article FIFTEENTH, the Board of Directors may amend any of the terms of this Certificate of Incorporation or the By-Laws but only in compliance with the terms, conditions and procedures set forth in this clause (1). If the Board of Directors desires to amend any provision of this Certificate of Incorporation or the By-Laws other than, with respect to the By-Laws, pursuant to Section 3 of Article X of the By-Laws, then it shall first adopt a resolution setting forth the amendment proposed, declaring its advisability, and then, to the extent required by the DGCL, (i) call a special meeting of the stockholders entitled to vote in respect thereof for the consideration of such amendment, (ii) direct that the amendment proposed be considered at the next annual meeting of the stockholders or (iii) seek the written consent of the stockholders. Amendments to this Certificate of Incorporation may be proposed only by or with the consent of the Board of Directors. Such special or annual meeting shall be called and held upon notice in accordance with the By-Laws. The notice shall set forth such amendment in full or a brief summary of the changes to be effected thereby, as the Board of Directors shall deem advisable. At the meeting, a vote of stockholders entitled to vote thereon shall be taken for and against the proposed amendment. A proposed amendment shall be effective upon its approval by a Share Majority, unless a greater percentage is required under this Certificate of Incorporation, the By-Laws, applicable law or the rules and regulations of any securities exchange or quotation system on which the Corporation's securities are listed or quoted for trading.

(2) Notwithstanding clause (1) of this Article FIFTEENTH, the affirmative vote of the holders of Outstanding Voting Shares representing at least two-thirds of the total votes that may be cast by all Outstanding Voting Shares in the election of Directors, voting together as a single class, shall be required to alter or amend any provision of this clause (2) or clause (3)(b) of this Article FIFTEENTH.

(3) (a) Notwithstanding the provisions of clause (1) of this Article FIFTEENTH, no provision of this Certificate of Incorporation or the By-Laws that establishes a percentage of Outstanding Voting Shares required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting percentage unless such amendment is approved by the affirmative vote of holders of Outstanding Voting Shares whose aggregate Outstanding Voting Shares constitute not less than the voting requirement sought to be reduced.

(b) Notwithstanding the provisions of clause (1) of this Article FIFTEENTH, but subject to the provisions of clause (2) of this Article FIFTEENTH, no amendment to this Certificate of Incorporation or the By-Laws may (i) enlarge the obligations of any stockholder without its consent, unless such shall occur as a result of an amendment approved pursuant to clause (3)(c) of this Article FIFTEENTH or (ii) change the term of the Corporation.

(c) Without limitation of the Board of Directors' authority to adopt amendments to this Certificate of Incorporation or the By-Laws without the approval of any stockholders as contemplated in clause (1) of this Article FIFTEENTH, and notwithstanding the provisions of clause (1) of this Article FIFTEENTH, any amendment that would have a material adverse effect on the rights or preferences of any class or series of Shares in relation to other classes or series of Shares must be approved by the holders of a majority of the Outstanding Shares of the class or series affected.

(d) Notwithstanding the provisions of clause (1) of this Article FIFTEENTH, so long as the Consenting Entities or their Affiliates collectively directly or indirectly own at least 30% of the outstanding Shares, no amendment to Article ELEVENTH of this Certificate of Incorporation may be made without the prior consent of each of the Consenting Entities (so long as such Consenting Entity or its Affiliates owns at least one Share).

SIXTEENTH: For purposes of this Certificate of Incorporation:

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by or is under common Control with the Person in question. As used herein, the term "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Business Day" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of New York shall not be regarded as a Business Day.

"Change of Control" means the first to occur of the following events: (i) the sale of all or substantially all of the assets of the Corporation to any Person (or group of Persons acting in concert), other than to (x) the Consenting Entities or their Affiliates or (y) any employee benefit plan (or trust forming a part thereof) maintained by the Corporation or its Affiliates or other Person of which a majority of its voting power or other equity securities is owned, directly or indirectly, by the Corporation (any Person described in the foregoing clauses (x) or (y), an "Affiliated Person"); (ii) a sale of Shares by either (x) the Corporation or (y) the Consenting Entities or its Affiliates to a Person (or group of Persons acting in concert), or a merger, consolidation or similar transaction involving the Corporation, in any case, that results in more than 50% of the Shares of the Corporation (or any resulting company after a merger) being held by a Person (or group of Persons acting in concert) that does not include an Affiliated Person; or (iii) any event that results in the Consenting Entities and their respective Affiliates or such employee benefit plan ceasing to hold the ability to elect a majority of the members of the Board of Directors.

"Class A Share" means a Share in the Corporation designated as a "Class A Share."

"Class B Share" means a Share in the Corporation designated as a "Class B Share."

"Common Shares" means any Shares that are not Preferred Shares, and for the avoidance of doubt includes Class A Shares and Class B Shares.

"Company Group" means the Corporation and each Subsidiary of the Corporation.

"Consenting Entities" means NFE WE LLC and NFE RN LLC.

"Director" means a member of the Board of Directors of the Corporation.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

"FEP" means Fortress Equity Partners (A) LP.

"Governmental Entity" means any court, administrative agency, regulatory body, commission or other governmental authority, board, bureau or instrumentality, domestic or foreign and any subdivision thereof.

"Group Member" means a member of the Company Group.

"Group Member Agreement" means the partnership agreement of any Group Member that is a limited or general partnership, the limited liability company agreement of any Group Member, other than the Corporation, that is a limited liability company, the certificate of incorporation and bylaws or similar organizational documents of any Group Member that is a corporation, the joint venture agreement or similar governing document of any Group Member that is a joint venture and the governing or organizational or similar documents of any other Group Member that is a Person other than a limited or general partnership, limited liability company, corporation or joint venture, as such may be amended, supplemented or restated from time to time.

"Indemnified Person" means (a) any Person who is or was a Director or officer of the Corporation or its predecessor, (b) any Person who is or was serving at the request of the Corporation or its predecessor as an officer, director, member, manager, partner, fiduciary or trustee of another Person (including any Subsidiary); provided, that a Person shall not be an Indemnified Person by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services, (c) FEP and Fortress Investment Group LLC and their respective Affiliates, (d) the Consenting Entities and their respective Affiliates and (e) any Person the Board of Directors designates as an "Indemnified Person" for purposes of this Certificate of Incorporation.

“New Fortress Holdings” means New Fortress Energy Holdings LLC, a Delaware limited liability company.

“New Fortress Intermediate” means New Fortress Intermediate LLC, a Delaware limited liability company.

“Outstanding” means, with respect to Shares, all Shares that are issued by the Corporation and reflected as outstanding on the Corporation’s books and records as of the date of determination.

“Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, Governmental Entity or other entity.

“Preferred Shares” means a class of Shares that entitles the Record Holders thereof to a preference or priority over the Record Holders of any other class of Shares in (i) the right to share profits or losses or items thereof, (ii) the right to share in Corporation distributions, or (iii) rights upon dissolution or liquidation of the Corporation.

“Record Date” means the date established by the Board of Directors for determining (a) the identity of the Record Holders entitled to notice of, or to vote at, any meeting of stockholders or entitled to exercise rights in respect of any lawful action of stockholders or (b) the identity of Record Holders entitled to receive any report or distribution or to participate in any offer.

“Record Holder” or “holder” means (a) with respect to any Class A Shares, the Person in whose name such Shares are registered on the books of the Transfer Agent as of the opening of business on a particular Business Day, and (b) with respect to any Shares of any other class, the Person in whose name such Shares are registered on the books that the Corporation has caused to be kept as of the opening of business on such Business Day.

“Securities Act” means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

"Share" means a share issued by the Corporation that evidences a stockholder's rights, powers and duties with respect to the Corporation pursuant to this Agreement and the DGCL. Shares may be Common Shares or Preferred Shares, and may be issued in different classes or series.

"Share Majority" means a majority of the total votes that may be cast in the election of Directors by holders of all Outstanding Voting Shares.

"Shareholders Agreement" means the Shareholders' Agreement, dated as of February 4, 2019, by and among the Corporation, New Fortress Holdings, Wesley R. Edens and Randal A. Nardone, as it may be amended.

"Subsidiary" means, with respect to any Person, as of any date of determination, any other Person as to which such Person owns or otherwise controls, directly or indirectly, more than 50% of the voting shares or other similar interests or a sole general partner interest or managing member or similar interest of such Person. For the avoidance of doubt, New Fortress Intermediate and its Subsidiaries shall be deemed to be Subsidiaries of the Corporation.

"transfer" means, with respect to a Share, a transaction by which the Record Holder of a Share assigns such Share to another Person who is or becomes a stockholder, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

"Transfer Agent" means, with respect to any class of Shares, such bank, trust company or other Person (including the Corporation or one of its Affiliates) as shall be appointed from time to time by the Corporation to act as registrar and transfer agent for such class of Shares; *provided* that if no Transfer Agent is specifically designated for such class of Shares, the Corporation shall act in such capacity.

"Voting Shares" means the Class A Shares, the Class B Shares and any other class of Shares issued after the date of this Certificate of Incorporation that entitles the Record Holder thereof to vote on any matter submitted for consent or approval of stockholders.

* * * *

This Certificate of Incorporation shall become effective at 12:01 a.m. Eastern Time on August 7, 2020.

[*The rest of this page is intentionally blank.*]

I, THE UNDERSIGNED, being the Sole Incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the DGCL, do make this Certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand as of the date first written above.

/s/ Cameron D. MacDougall
Cameron D. MacDougall
Sole Incorporator

[Signature Page to Certificate of Incorporation]

Exhibit 99.4

BYLAWS

OF

NEW FORTRESS ENERGY INC.

A Delaware Corporation

Effective August 7, 2020

TABLE OF CONTENTS

BYLAWS

OF

NEW FORTRESS ENERGY INC.

(hereinafter called the "Corporation")

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801, and the registered agent for service of process on the Corporation in the State of Delaware at such registered office shall be The Corporation Trust Company. The principal office of the Corporation shall be located at 111 W. 19th Street, 8th Floor, New York, New York 10011 or such other place as the Board of Directors of the Corporation (the "Board of Directors") may from time to time designate by notice to the stockholders.

Section 2. Other Offices. The Corporation may maintain offices at such other place or places within or outside the State of Delaware as the Board of Directors determines to be necessary or appropriate.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place of Meetings. The Board of Directors shall designate the place of meeting for any annual meeting or for any special meeting of the stockholders. If no designation is made, the place of meeting shall be the principal office of the Corporation.

Section 2. Annual Meetings. All acts of stockholders to be taken hereunder, or under the Certificate of Incorporation of the Corporation, as amended from time to time (the "Certificate of Incorporation"), the General Corporation Law of the State of Delaware (the "DGCL") or otherwise, shall be taken in the manner provided in this Article II. An annual meeting of the stockholders for the election of Directors and for the transaction of such other business as may properly come before the meeting shall be held at such time and place as the Board of Directors shall specify. Subject to the provisions of the DGCL or if otherwise authorized by the Board of Directors, and subject to such guidelines and procedures as the Board of Directors may adopt in accordance with the DGCL, stockholders and proxyholders not physically present at a meeting of stockholders may by means of remote communication participate in such meeting and be deemed present in person and vote at such meeting, provided that the Corporation shall implement reasonable measures to verify that each Person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, to provide such stockholders or proxyholders a reasonable opportunity to participate in the meeting and to record the votes or other action made by such stockholders or proxyholders. A failure to hold the annual meeting of the stockholders at the designated time or to elect a sufficient number of Directors to conduct the business of the Corporation shall not affect otherwise valid acts of the Corporation or work a forfeiture or dissolution of the Corporation. If the annual meeting for election of Directors is not held on the date designated therefor, the Directors shall cause the meeting to be held as soon as is convenient. If there is a failure to hold the annual meeting for a period of 30 days after the date designated for the annual meeting, or if no date has been designated, for a period of 18 months after the last annual meeting, the Delaware Court of Chancery may summarily order a meeting to be held upon the application of any stockholder or Director. The Delaware Court of Chancery may issue such orders as may be appropriate, including orders designating the time and place of such meeting, the record date for determination of stockholders entitled to vote, and the form of notice of such meeting.

Section 3. Special Meetings. Unless otherwise required by law or by the Certificate of Incorporation, special meetings of the stockholders may be called only by the Chairman of the Board or a majority of the Board of Directors or a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers include the authority to call such meetings. No stockholders or group of stockholders, acting in its or their capacity as stockholders, shall have the right to call a special meeting of the stockholders, except that if any Consenting Entities or their Affiliates collectively own Outstanding Voting Shares that represent a Share Majority, such Consenting Entities may call a special meeting of the stockholders.

Section 4. Notice. Notice, stating the place, day and hour of any annual or special meeting of the stockholders, as determined by the Board of Directors, and (i) in the case of a special meeting of the stockholders, the purpose or purposes for which the meeting is called, as determined by the Board of Directors if applicable, or (ii) in the case of an annual meeting, those matters that the Board of Directors, at the time of giving the notice, intends to present for action by the stockholders, shall be delivered by the Corporation not less than 10 calendar days nor more than 60 calendar days before the date of the meeting, in a manner and otherwise in accordance with Article VI Section 1 to each Record Holder, as of the applicable Record Date for such meeting, of Shares entitled to vote at such meeting. Such further notice shall be given as may be required by Delaware law. The notice of any meeting of the stockholders at which Directors are to be elected shall include the name of any nominee or nominees who, at the time of the notice, the Board of Directors intends to present for election. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Any previously scheduled meeting of the stockholders may be postponed, and any special meeting of the stockholders may be canceled, by resolution of the Board of Directors upon public notice given prior to the date previously scheduled for such meeting of the stockholders.

Section 5. Adjournments and Postponements. Any meeting of the stockholders may be adjourned by the chairman of the meeting from time to time to reconvene at the same or some other place and at such time and date as announced at such meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting and a new Record Date need not be fixed, if the time and place thereof are announced at the meeting at which the adjournment is taken, unless such adjournment shall be for more than 30 days or if a new Record Date and notice is required under applicable law or these By-Laws. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days or if a new Record Date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given in accordance with this Article II.

Section 6. Quorum. Unless otherwise required by the DGCL or other applicable law or the Certificate of Incorporation, at any meeting of the stockholders, the holders of a majority of the Outstanding Voting Shares of the class or classes or series for which a meeting has been called represented in person or by proxy shall constitute a quorum of such class or classes or series unless any such action by the stockholders requires approval by holders of a greater percentage of Outstanding Voting Shares, in which case the quorum shall be such greater percentage. The submission of matters to stockholders for approval and the election of Directors shall occur only at a meeting of the stockholders duly called and held in accordance with the Certificate of Incorporation and these By-Laws at which a quorum is present; *provided*, *however*, that the stockholders present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, if any action taken (other than adjournment) is approved by the required percentage of Outstanding Voting Shares required under applicable law, the Certificate of Incorporation or these By-Laws. Any meeting of stockholders may be adjourned from time to time by the chairman of the meeting to another place or time, without regard to the presence of a quorum.

Section 7. Voting and Other Rights. Unless otherwise provided in the Certificate of Incorporation, each Outstanding Class A Share and each Outstanding Class B Share shall be entitled to one vote per Share on all matters submitted to stockholders for approval and in the election of Directors. All matters (other than the election of Directors) submitted to stockholders for approval shall be determined by a majority of the votes cast affirmatively or negatively by stockholders holding Outstanding Voting Shares unless a greater percentage is required with respect to such matter under the DGCL, under the rules of any National Securities Exchange on which the Shares are listed for trading, or under the provisions of the Certificate of Incorporation or these By-Laws, in which case the approval of stockholders holding Outstanding Voting Shares that in the aggregate represent at least such greater percentage shall be required. Directors will be elected by a plurality of the votes cast for a particular position. All elections of Directors will be by written ballots; if authorized by the Board of Directors, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be reasonably determined that the electronic transmission was authorized by the stockholder or proxyholder. Only those Record Holders of Outstanding Voting Shares on the Record Date set pursuant to Section 11 of this Article II shall be entitled to notice of, and to vote at, a meeting of stockholders or to act with respect to matters as to which the holders of the Outstanding Voting Shares have the right to vote or to act. All references in these By-Laws to votes of, or other acts that may be taken by, the Outstanding Voting Shares shall be deemed to be references to the votes or acts of the Record Holders of such Outstanding Voting Shares on such Record Date. With respect to Outstanding Voting Shares that are held for a Person’s account by another Person (such as a broker, dealer, bank, trust company or clearing corporation, or an agent of any of the foregoing), in whose name such Outstanding Voting Shares are registered, such other Person shall, in exercising the voting rights in respect of such Outstanding Voting Shares on any matter, and unless the arrangement between such Persons provides otherwise, vote such Outstanding Voting Shares in favor of, and at the direction of, the Person who is the beneficial owner, and the Corporation shall be entitled to assume it is so acting without further inquiry.

Section 8. Proxies and Voting. On any matter that is to be voted on by stockholders, the stockholders may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. Any such proxy shall be filed in accordance with the procedure established for the meeting. For purposes of these By-Laws, the term “electronic transmission” means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this paragraph may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 9. Consent of Stockholders in Lieu of Meeting. On any matter that is to be voted on, consented to or approved by stockholders, the stockholders may take such action without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed by the stockholders having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all stockholders entitled to vote thereon were present and voted.

Section 10. List of Stockholders Entitled to Vote. A complete list of stockholders entitled to vote at any meeting of stockholders, arranged in alphabetical order for each class or series of Shares and showing the address of each such stockholder and the number of Outstanding Voting Shares registered in the name of such stockholder, shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least 10 days before the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the stockholder list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 11. Record Date.

(a) For purposes of determining the stockholders entitled to notice of or to vote at a meeting of the stockholders, the Board of Directors may set a Record Date, which shall not be less than 10 nor more than 60 days before the date of the meeting (subject to compliance with any rule, regulation, guideline or requirement of any National Securities Exchange on which the Shares are listed for trading). If no Record Date is fixed by the Board of Directors, the Record Date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given. A determination of Record Holders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment or postponement of the meeting; *provided, however*, that the Board of Directors may fix a new Record Date for the adjourned or postponed meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 12. Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by Section 10 of this Article II or the books and records of the Corporation, or to vote in person or by proxy at any meeting of stockholders. As used herein, the stock ledger of the Corporation shall refer to one or more records administered by or on behalf of the Corporation in which the names of all of the Corporation's stockholders of record, the address and number of Shares registered in the name of each such stockholder, and all issuances and transfer of stock of the Corporation are recorded in accordance with Section 224 of the DGCL.

Section 13. Conduct of Meetings. To the extent permitted by applicable law, the Board of Directors shall have full power and authority concerning the manner of conducting any meeting of the stockholders, including the determination of Persons entitled to vote, the existence of a quorum, the satisfaction of the requirements of this Article II, the conduct of voting, the validity and effect of any proxies and the determination of any controversies, votes or challenges arising in connection with or during the meeting or voting. The Board of Directors shall designate a Person to serve as chairman of any meeting and shall further designate a Person to take the minutes of any meeting. All minutes shall be kept with the records of the Corporation maintained by the Board of Directors. The Board of Directors may make such other regulations consistent with applicable law, the Certificate of Incorporation and these By-Laws as it may deem advisable concerning the conduct of any meeting of the stockholders, including regulations in regard to the appointment of proxies, the appointment and duties of inspectors of votes, the submission and examination of proxies and other evidence of the right to vote.

Section 14. Inspectors of Election. The Corporation may, and to the extent required by law, shall, in advance of any meeting of stockholders, appoint one or more inspectors to act at the meeting and make a written report thereof. The Corporation may designate one or more alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the Person presiding at the meeting may, and to the extent required by law, shall, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Every vote taken by ballots shall be counted by a duly appointed inspector or inspectors.

Section 15. Nomination of Directors. Except to the extent otherwise provided in clause (3) of Article SEVENTH of the Certificate of Incorporation with respect to vacancies and subject to the rights of certain stockholders to nominate Persons for election to the Board of Directors pursuant to the Shareholders Agreement, only persons who are nominated in accordance with the procedures set forth in Article II Section 16(b) of these By-Laws shall be eligible for election as Directors of the Corporation, except as may be otherwise provided in any share designation with respect to the right of stockholders of any class of Shares to nominate and elect a specified number of Directors in certain circumstances.

Section 16. Notice of Stockholder Business and Nominations

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(a) Subject to clause (3) of Article SEVENTH of the Certificate of Incorporation, Article III of these By-Laws and the rights of certain stockholders to nominate Persons for election to the Board of Directors pursuant to the Shareholders Agreement, nominations of Persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting delivered pursuant to Article II Section 4 of these By-Laws, (ii) by or at the direction of the Board of Directors, (iii) for nominations to the Board of Directors only, by any holder of Outstanding Voting Shares who is entitled to vote at the meeting, who complied with the notice procedures set forth in paragraph (b) or (d) of this Section 16 and who was a Record Holder of a sufficient number of Outstanding Voting Shares as of the Record Date for such meeting to elect one or more members to the Board of Directors assuming that such holder cast all of the votes it is entitled to cast in such election in favor of a single candidate and such candidate received no other votes from any other holder of Outstanding Voting Shares, or (iv) by any holder of Outstanding Voting Shares who is entitled to vote at the meeting, who complied with the notice procedures set forth in paragraphs (c) or (d) of this Section 16 and who is a Record Holder of Outstanding Voting Shares at the time such notice is delivered to the Secretary of the Corporation.

(b) For nominations to be properly brought before an annual meeting by a stockholder pursuant to Article II Section 16(a)(iii), the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the date on which the Corporation first made publicly available (whether by mailing, by filing with the Commission or by posting on an internet web site) its proxy materials for the immediately preceding annual meeting of stockholders; *provided*, *however*, that, if the annual meeting is called for a date that is more than thirty (30) days before or after the anniversary of the previous year's annual meeting, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which public disclosure of the date of the annual meeting is first made (which may be the date on which proxy materials for such meeting are first mailed). In no event shall the adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described in this Section 16(b). Such stockholder's notice shall set forth: (A) as to each Person whom the stockholder proposes to nominate for election or reelection as a Director all information relating to such Person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case, pursuant to Regulation 14A under the Exchange Act, including such Person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected, and (B) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, and the class or series and number of Shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(c) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to Article II Section 16(a)(iv), (i) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (ii) such business must be a proper matter for stockholder action under the Certificate of Incorporation, these By-Laws and the DGCL, (iii) if the stockholder, or the beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's Outstanding Shares required under the Certificate of Incorporation, these By-Laws or Delaware law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's Outstanding Voting Shares reasonably believed by such stockholder or beneficial holder to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder and (iv) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 16, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary of the date on which the Corporation first made publicly available (whether by mailing, by filing with the Commission or by posting on an internet web site) its proxy materials for the immediately preceding annual meeting of stockholders; *provided*, *however*, that if the annual meeting is called for a date that is more than thirty (30) days before or after the anniversary of the previous year's annual meeting, notice by the stockholders in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which public disclosure of the date of the annual meeting is first made (which may be the date on which proxy materials for such meeting are first made publicly available, whether by mailing, by filing with the Commission or by posting on an internet web site). In no event shall the adjournment or postponement of an annual meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described in this Section 16(c). Such stockholder's notice shall set forth: (A) as to each Person whom the stockholder proposes to nominate for election or reelection as a Director (1) the name, age, business address and residence address of such Person, (2) the principal occupation or employment of such Person, (3) the class or series and number of all Shares of the Corporation which are owned beneficially or of record by such Person and any affiliates or associates of such Person, (4) the name of each nominee holder of Shares of the Corporation owned beneficially but not of record by such Person or any affiliates or associates of such Person, and the number of such Shares of the Corporation held by each such nominee holder, (5) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such Person or any affiliates or associates of such Person, with respect to Shares of the Corporation, (6) whether and the extent to which any other transaction, arrangement or understanding (including any short position or any borrowing or lending of Shares of the Corporation) has been made by or on behalf of such Person or any affiliates or associates of such Person, the effect or intent of any of the foregoing being to mitigate loss to or manage risk or benefit of the price changes of Shares of the Corporation for such Person or any affiliates or associates of such Person, or to increase or decrease the voting power or pecuniary or economic interest of such Person or any affiliates or associates of such Person with respect to Shares of the Corporation, (7) such Person's written representation and agreement that such Person (I) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any Person as to how such Person, if elected as a Director, will act or vote on any issue or question, (II) is not and will not become party to any agreement, arrangement or understanding with any Person other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a Director that has not been disclosed to the Corporation in such representation and agreement and (III) in such Person's individual capacity, would be in compliance, if elected as a Director, with all applicable publicly disclosed confidentiality, corporate governance, conflict of interest, Regulation FD, code of conduct and ethics and Share ownership and trading policies and guidelines of the Corporation and (8) any other information relating to such Person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case, pursuant to Regulation 14A under the Exchange Act, including such Person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected and a written questionnaire delivered to the Secretary of the Corporation with respect to the background and qualification of such Person to serve as a Director and the background of any other Person on whose behalf the nomination is being made, (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (1) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, (2) the class or series and number of Shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, (3) the name of each nominee holder of Shares of the Corporation owned beneficially but not of record by such stockholder or any affiliates or associates of such stockholder, and the number of such Shares of the Corporation held by each such nominee holder, (4) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such stockholder or any affiliates or associates of such stockholder, with respect to Shares of the Corporation, (5) whether and the extent to which any other transaction, arrangement or understanding (including any short position or any borrowing or lending of Shares of the Corporation) has been made by or on behalf of such stockholder or any affiliates or associates of such stockholder, the effect or intent of any of the foregoing being to mitigate loss to or manage risk or benefit of the price changes of Shares of the Corporation for such stockholder or any affiliates or associates of such stockholder, or to increase or decrease the voting power or pecuniary or economic interest of such stockholder or any affiliates or associates of such stockholder with respect to Shares of the Corporation, (6) a description of (I) in the case of any nomination, all agreements, arrangements or understandings (whether written or oral) between such stockholder or any affiliates or associates of such stockholder, and any proposed nominee for election as a Director, or any affiliates or associates of such proposed nominee, (II) all agreements, arrangements or understandings (whether written or oral) between such stockholder or any affiliates or associates of such stockholder, and any other Person or Persons (including their names) pursuant to which the nomination(s) or other business proposal(s) are being made by such stockholder, or otherwise relating to the Corporation or their

ownership of Shares of the Corporation and (III) any material interest of such stockholder or any affiliates or associates of such stockholder, in such nomination or other business proposal, including any anticipated benefit therefrom to such stockholder or any affiliates or associates of such stockholder, (7) a representation that the stockholder giving notice intends to appear in person or by proxy at the annual meeting to nominate the Person named or propose the business described in its notice, (8) any other information relating to such stockholder that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case, pursuant to Regulation 14A under the Exchange Act and (9) whether either such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's Outstanding Voting Shares required under the Certificate of Incorporation, these By-Laws or Delaware law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's Outstanding Shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice").

(d) Notwithstanding anything in the second sentence of Article II Section 16(b) or the second sentence of Article II Section 16(c) to the contrary, if the number of Directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for Director or specifying the size of the increased Board of Directors made by the Corporation at least ninety (90) days prior to the anniversary of the date on which the Corporation first made publicly available (whether by mailing, by filing with the Commission or by posting on an internet web site) its proxy materials for the immediately preceding annual meeting of stockholders, then a stockholder's notice required by this Section 16 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth (10th) day following the day on which such public announcement is first made by the Corporation.

(e) Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 4 of this Article II. Subject to clause (3) of Article SEVENTH of the Certificate of Incorporation and the rights of certain stockholders to nominate Persons for election to the Board of Directors pursuant to the Shareholders Agreement, nominations of Persons for election to the Board of Directors may be made at a special meeting of stockholders at which Directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors, (ii) by any holder of Outstanding Voting Shares who is entitled to vote at the meeting, who complied with the notice procedures set forth in paragraph (b) or (d) of this Section 16 and who was a Record Holder of a sufficient number of Outstanding Voting Shares as of the Record Date for such meeting to elect one or more members to the Board of Directors assuming that such holder cast all of the votes it is entitled to cast in such election in favor of a single candidate and such candidate received no other votes from any other holder of Outstanding Voting Shares, or (iii) by any holder of Outstanding Voting Shares who is entitled to vote at the meeting, who complies with the notice procedures set forth in paragraph (c) or (d) of this Section 16 and who is a Record Holder of Outstanding Voting Shares at the time such notice is delivered to the Secretary of the Corporation. Nominations by stockholders of Persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockholder's notice as required by Article II Section 16(b) or Article II Section 16(c) for an annual meeting shall be delivered to the Secretary of the Corporation not earlier than the ninetieth (90th) day prior to such special meeting and not later than the close of business on the later of the seventieth (70th) day prior to such special meeting or the tenth (10th) day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(f) Except to the extent otherwise provided in clause (3) of Article SEVENTH of the Certificate of Incorporation with respect to vacancies and subject to the rights of certain stockholders to nominate Persons for election to the Board of Directors pursuant to the Shareholders Agreement, only Persons who are nominated in accordance with the procedures set forth in this Section 16 shall be eligible to serve as Directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 16. Except as otherwise provided herein or required by law, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 16 and, if any proposed nomination or business is not in compliance with this Section 16, to declare that such defective proposal or nomination shall be disregarded.

(g) Notwithstanding the foregoing provisions of this Section 16, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 16. Nothing in this Section 16 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation’s proxy statement pursuant to Rule 14a-8 under the Exchange Act.

(h) A stockholder providing notice of nomination or any other business proposed to be brought before any meeting of stockholders shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to Article II Section 16(b) or Article II Section 16(c), as applicable, shall be true and correct as of the Record Date for such meeting and such update and supplement shall be delivered to or be mailed and received by the Secretary of the Corporation not later than five (5) business days after the Record Date for such meeting.

ARTICLE III

DIRECTORS

Section 1. Duties and Powers. Except as otherwise expressly provided in these By-Laws, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. As provided in Article IV of these By-Laws, the Board of Directors shall have the power and authority to appoint Officers of the Corporation. No stockholder, by virtue of its status as such, shall have any management power over the business and affairs of the Corporation or actual or apparent authority to enter into, execute or deliver contracts on behalf of, or to otherwise bind, the Corporation. Except as otherwise expressly provided in these By-Laws and subject to Article ELEVENTH of the Certificate of Incorporation, in addition to the powers that now or hereafter can be granted to directors under the DGCL and to all other powers granted under any other provision of these By-Laws, the Board of Directors shall have full power and authority to do, and to direct the Officers to do, all things and on such terms as it determines to be necessary or appropriate to conduct the business of the Corporation, to exercise all powers set forth in Article THIRD of the Certificate of Incorporation and to effectuate the purposes set forth in Article THIRD of the Certificate of Incorporation, including the following:

(a) the making of any expenditures, the lending or borrowing of money, the assumption or guarantee of, or other contracting for, indebtedness and other liabilities, the issuance of evidences of indebtedness, including indebtedness that is convertible into Shares, and the incurring of any other obligations;

(b) the making of tax, regulatory and other filings, or rendering of periodic or other reports to governmental or other agencies having jurisdiction over the business or assets of the Corporation;

(c) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecation or exchange of any or all of the assets of the Corporation or the merger or other combination of the Corporation with or into another Person (subject, however, to any prior approval of stockholders that may be required by the Certificate of Incorporation, these By-Laws or pursuant to applicable law);

(d) the use of the assets of the Corporation (including cash on hand) for any purpose consistent with the terms of the Certificate of Incorporation or these By-Laws, including the financing of the conduct of the operations of the Corporation and its Subsidiaries; the lending of funds to other Persons (including other Group Members); the repayment of obligations of the Corporation and its Subsidiaries; and the making of capital contributions to any stockholder of the Corporation or any of its Subsidiaries;

(e) the negotiation, execution and performance of any contracts, conveyances or other instruments (including instruments that limit the liability of the Corporation under contractual arrangements to all or particular assets of the Corporation);

(f) the declaration and payment of distributions of cash or other assets to stockholders;

(g) the selection and dismissal of officers, employees, agents, outside attorneys, accountants, consultants and contractors and the determination of their compensation and other terms of employment or hiring, and the creation and operation of employee benefit plans, employee programs and employee practices;

(h) the maintenance of insurance for the benefit of the Company Group and the Indemnified Persons;

(i) the formation of, or acquisition or disposition of an interest in, and the contribution of property and the making of loans to, any limited or general partnership, joint venture, corporation, limited liability company or other entity or arrangement;

(j) the control of any matters affecting the rights and obligations of the Corporation, including the bringing and defending of actions at law or in equity and otherwise engaging in the conduct of litigation, arbitration or remediation, and the incurring of legal expense and the settlement of claims and litigation;

(k) the indemnification of any Person against liabilities and contingencies to the extent permitted by law;

(l) the entering into of listing agreements with any National Securities Exchange and the delisting of some or all of the Shares from, or requesting that trading be suspended on, any such exchange;

(m) the issuance, sale or other disposition, and the purchase or other acquisition, of Shares or options, rights, warrants or appreciation rights relating to Shares;

(n) the undertaking of any action in connection with the Corporation's interest or participation in any Group Member;

(o) the registration of any offer, issuance, sale or resale of Shares or other securities issued or to be issued by the Corporation under the Securities Act and any other applicable securities laws (including any resale of Shares or other securities by stockholders or other securityholders); and

(p) the execution and delivery of agreements with Affiliates of the Corporation to render services to a Group Member.

Section 2. Meetings. The Board of Directors and any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware. The Board of Directors may, by resolution, provide the time and place (if any) for the holding of regular meetings without any other notice than such resolution. Unless otherwise determined by the Board of Directors, the Secretary of the Corporation shall act as Secretary at all regular meetings of the Board of Directors and in the Secretary's absence a temporary Secretary shall be appointed by the chairman of the meeting. Special meetings of the Board of Directors may be called by the Chairman or any Co-Chairman of the Board, the Chief Executive Officer, or, upon a resolution adopted by the Board of Directors, by the Secretary on twenty-four (24) hours' notice to each Director, either personally or by telephone or by mail, telegraph, telex, cable, wireless or other form of recorded or electronic communication, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 3. Organization. The Board of Directors may elect one of its members as Chairman of the Board (the "Chairman of the Board"), or two or more of its members as Co-Chairmen of the Board (each, a "Co-Chairman of the Board"). At each meeting of the Board of Directors, the Chairman or any Co-Chairman of the Board or, in the absence of a Chairman or Co-Chairman of the Board, a Director chosen by a majority of the Directors present, shall act as chairman of the meeting. The Secretary of the Corporation shall act as secretary at each meeting of the Board of Directors. In case the Secretary shall be absent from any meeting of the Board of Directors, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 4. Resignations and Removals of Directors. Any Director may resign at any time by giving notice of such Director's resignation in writing or by electronic transmission to the Chairman or any Co-Chairman of the Board, if there be one, the Chief Executive Officer or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or if the time when it shall become effective shall not be specified therein, then it shall take effect immediately upon its receipt by the Corporation. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The vacancy in the Board of Directors caused by any such resignation shall be filled by the Board of Directors as provided in clause (3) of Article SEVENTH of the Certificate of Incorporation.

Section 5. Quorum. Except as otherwise required by law, or the Certificate of Incorporation or the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading, (a) at all meetings of the Board of Directors, a majority of the then total number of Directors in office shall constitute a quorum for the transaction of business, (b) at all meetings of any committee of the Board of Directors, the presence of a majority of the total number of members of such committee (assuming no vacancies) shall constitute a quorum and (c) the act of a majority of the Directors or committee members present at any meeting at which there is a quorum shall be the act of the Board of Directors or such committee, as the case may be. If a quorum shall not be present at any meeting of the Board of Directors or any committee, a majority of the Directors or members, as the case may be, present thereat may adjourn the meeting from time to time without further notice other than announcement at the meeting.

Section 6. Actions of the Board by Written Consent. Unless otherwise provided in the Certificate of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting by the Board of Directors or any committee thereof, as the case may be, may be taken without a meeting if a consent thereto is signed or transmitted electronically, as the case may be, by all members of the Board of Directors or of such committee, as the case may be, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 7. Meetings by Means of Conference Telephone. Members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all Persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

Section 8. Committees. The Board of Directors may, by resolution or resolutions passed by a majority of the then total number of members of the Board of Directors, designate one or more other committees consisting of one or more Directors of the Corporation, which, to the extent permitted by law and provided in such resolution or resolutions, shall have and may exercise, subject to the provisions of these By-Laws, the DGCL and the Certificate of Incorporation, the powers and authority of the Board of Directors granted hereunder; but no such committee shall have the power to fill vacancies in the Board of Directors or any committee or in their respective membership, to approve or adopt, or recommend to the stockholders, any action or matter, other than the election or removal of Directors, expressly required by these By-Laws, the DGCL or the Certificate of Incorporation to be submitted to stockholders for their approval, or to authorize the issuance of Shares, except that such a committee may, to the extent provided in such resolutions, (a) grant and authorize options and other rights with respect to the Shares pursuant to and in accordance with any plan or authorizing resolutions approved by the Board of Directors and (b) function as the pricing committee with respect to any offering of Shares authorized by the Board of Directors. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law and the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. A majority of all the members of any such committee may determine its action and fix the time and place, if any, of its meetings and specify what notice thereof, if any, shall be given, unless the Board of Directors shall otherwise provide. The Board of Directors shall have power to change the members of any such committee at any time to fill vacancies, and to discharge any such committee, either with or without cause, at any time. The Secretary of the Corporation shall act as Secretary of any committee, unless otherwise provided by the Board of Directors or the committee. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, or if none be so appointed the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Each committee shall keep regular minutes of its meetings and proceedings and report the same to the Board of Directors at the next meeting thereof.

Section 9. Remuneration. Each Director shall receive remuneration for such Director's services as determined by the Board of Directors at any time and from time to time by resolution. The Board of Directors may also likewise provide that the Corporation shall reimburse each Director for any expenses paid by such Director on account of such Director's attendance at any meeting. Nothing in this Section 9 shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving remuneration therefor.

Section 10. Interested Directors. No contract or transaction between the Corporation and one or more of its Directors or Officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its Directors or Officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the Director or Officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such Director's or Officer's vote is counted for such purpose if: (i) the material facts as to the Director's or Officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum; or (ii) the material facts as to the Director's or Officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested Directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes such contract or transaction.

Section 11. New Fortress Intermediate. To the extent permitted by law, the Board of Directors, in its capacity as the managing member of New Fortress Intermediate, shall have the right to approve amendments to the New Fortress Intermediate operating agreement relating to the mechanics of a redemption of New Fortress Intermediate units (together with Class B Shares) for Class A Shares without any duty to the Corporation.

ARTICLE IV

OFFICERS

Section 1. General. The Board of Directors shall have the power and authority to appoint such officers with such titles, authority and duties as determined by the Board of Directors. Such Persons so designated by the Board of Directors shall be referred to as "Officers." Unless provided otherwise by resolution of the Board of Directors, the Officers shall have the titles, power, authority and duties described below in this Article IV. The Officers of the Corporation may include a Chairman of the Board, one or more Co-Chairmen of the Board, a Vice Chairman, a Chief Executive Officer, a Chief Operating Officer, a Chief Financial Officer, one or more Presidents or Co-Presidents, one or more Vice Presidents (who may be further classified by such descriptions as "executive," "senior," "assistant" or otherwise, as the Board of Directors shall determine), a Secretary, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers. Officers shall be elected by the Board of Directors, which shall consider that subject at its first meeting after every annual meeting of stockholders and as necessary to fill vacancies. Each Officer shall hold office until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. Any number of offices may be held by the same Person. The compensation of Officers elected by the Board of Directors shall be fixed from time to time by the Board of Directors or by such Officers as may be designated by resolution of the Board of Directors.

Section 2. Resignation and Removal. Any Officer may resign at any time upon written notice to the Corporation. Any Officer, agent or employee of the Corporation may be removed by either the Chairman of the Board or the Board of Directors with or without cause at any time. The Board of Directors hereby also delegates the power of removal as to Officers, agents and employees who have not been appointed by the Board of Directors to the Chairman of the Board. Such removal shall be without prejudice to a Person's contract rights, if any, but the appointment of any Person as an Officer, agent or employee of the Corporation shall not of itself create contract rights.

Section 3. Voting Securities Owned by the Corporation. Unless otherwise directed by the Board of Directors, the Chief Executive Officer, any President or Co-President, the Chief Operating Officer or any other Officer of the Corporation authorized by the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of members of or with respect to any action of equity holders of any other entity in which the Corporation may hold securities and otherwise to exercise any and all rights and powers which the Corporation may possess by reason of its ownership of securities in such other entities.

Section 4. Chairman of the Board of Directors and Chief Executive Officer. Subject to Article ELEVENTH of the Certificate of Incorporation, the Chairman of the Board shall be the Chief Executive Officer of the Corporation unless the Board of Directors elects another Person as Chief Executive Officer. Subject to the control of the Board of Directors, the Chief Executive Officer shall have general executive charge, management and control of the properties, business and operations of the Corporation with all such powers as may be reasonably incident to such responsibilities; he or she may employ and discharge employees and agents of the Corporation except such as shall be appointed by the Board of Directors, and he or she may delegate these powers; he or she may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation, and shall have such other powers and duties as designated in accordance with the Certificate of Incorporation and these By-Laws and as from time to time may be assigned to him or her by the Board of Directors. If elected, the Chairman of the Board or any Co-Chairman of the Board shall preside at all meetings of the stockholders and of the Board of Directors; and shall have such other powers and duties as designated in the Certificate of Incorporation and these By-Laws and as from time to time may be assigned to him, her or them by the Board of Directors.

Section 5. Senior Officers. Unless the Board of Directors otherwise determines, the Chief Operating Officer and every President and Co-President shall have the authority to agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Corporation. Unless the Board of Directors otherwise determines, in the absence of the Chairman of the Board or any Co-Chairman of the Board or if there be no Chairman of the Board or Co-Chairman of the Board, the Board of Directors may designate the Chief Operating Officer or a President or Co-President to preside at all meetings of the stockholders and (should he or she be a Director) of the Board of Directors. The Chief Operating Officer and each President and Co-President shall have such other powers and duties as designated in accordance with the Certificate of Incorporation and these By-Laws and as from time to time may be assigned to him or her by the Board of Directors. In the absence of a Chief Operating Officer, President or Co-President or in the event of an inability or refusal of the Chief Operating Officer and all Presidents and Co-Presidents to act, a Vice President designated by the Board of Directors shall perform the duties of a President, and when so acting shall have all the powers of and be subject to all the restrictions upon a President. In the absence of a designation by the Board of Directors of a Vice President to perform the duties of a President, or in the event of his absence or inability or refusal to act, the Vice President who is present and who is senior in terms of uninterrupted time as a Vice President of the Corporation shall so act. A Vice President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe. Unless otherwise provided by the Board of Directors, each Vice President will have authority to act within his or her respective areas and to sign contracts relating thereto.

Section 6. Treasurer and Assistant Treasurer. The Treasurer shall have responsibility for the custody and control of all the funds and securities of the Corporation and shall have such other powers and duties as designated in the Certificate of Incorporation and these By-Laws and as from time to time may be assigned to the Treasurer by the Board of Directors. The Treasurer shall perform all acts incident to the position of Treasurer, subject to the control of the Chief Executive Officer and the Board of Directors. Each Assistant Treasurer shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in the Certificate of Incorporation and these By-Laws and as from time to time may be assigned to him or her by the Chief Executive Officer or the Board of Directors. The Assistant Treasurers shall exercise the powers of the Treasurer during that Officer’s absence or inability or refusal to act. An Assistant Treasurer shall also perform such other duties as the Treasurer or the Board of Directors may assign to him or her.

Section 7. Secretary and Assistant Secretary. The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board of Directors. The Secretary shall have charge of the corporate books and shall perform such other duties as the Board of Directors may from time to time prescribe. In the absence or inability to act of the Secretary, any Assistant Secretary may perform all the duties and exercise all the powers of the Secretary. The performance of any such duty shall, in respect of any other Person dealing with the Corporation, be conclusive evidence of his or her power to act. An Assistant Secretary shall also perform such other duties as the Secretary or the Board of Directors may assign to him or her.

Section 8. Other Officers. The Board of Directors may from time to time delegate the powers or duties of any Officer to any other Officers or agents, notwithstanding any provision hereof.

ARTICLE V

STOCK

Section 1. Certificates. Notwithstanding anything to the contrary herein, unless the Board of Directors shall determine otherwise in respect of some or all of any or all classes of Shares, Shares shall not be evidenced by certificates. Certificates that are issued shall be executed on behalf of the Corporation by the Chairman of the Board, President, Chief Executive Officer or any Executive Vice President or Vice President and the Chief Financial Officer or the Secretary or any Assistant Secretary of the Corporation. No Certificate for a class of Shares shall be valid for any purpose until it has been countersigned by the Transfer Agent for such class of Shares; *provided*, *however*, that if the Board of Directors elects to cause the Corporation to issue Shares of such class in global form, the Certificate shall be valid upon receipt of a certificate from the Transfer Agent certifying that the Shares have been duly registered in accordance with the directions of the Corporation. The Shares of the Corporation shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and number of Shares. The Shares of the Corporation shall be transferred on the books of the Corporation, which may be maintained by a third-party registrar or the Transfer Agent, by the holder thereof in person or by his attorney, upon surrender for cancellation of certificates for at least the same number of Shares, with an assignment and power of transfer endorsed thereon or attached thereto, duly executed, with such proof of the authenticity of the signature as the Corporation or its agents may reasonably require or upon receipt of proper transfer instructions from the registered holder of uncertificated Shares and upon compliance with appropriate procedures for transferring Shares in uncertificated form, at which time the Corporation shall issue a new certificate to the person entitled thereto (if the Shares are then represented by certificates), cancel the old certificate and record the transaction upon its books.

Section 2. Signatures. Each certificated Share shall be signed, countersigned and registered in the manner required by law. In case any officer, the Transfer Agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue. The use of facsimile signatures affixed in the name and on behalf of the transfer agent and registrar of the Corporation on certificates representing Shares is expressly permitted by these By-Laws.

Section 3. Lost or Mutilated Certificates. If any mutilated Certificate is surrendered to the Transfer Agent, the appropriate Officers on behalf of the Corporation shall execute, and the Transfer Agent shall countersign and deliver in exchange therefor, a new Certificate evidencing the same number and class or series of Shares as the Certificate so surrendered. The appropriate Officers on behalf of the Corporation shall execute, and the Transfer Agent shall countersign and deliver, a new Certificate in place of any Certificate previously issued if the Record Holder of the Certificate: (i) makes proof by affidavit, in form and substance satisfactory to the Corporation, that a previously issued Certificate has been lost, destroyed or stolen; (ii) requests the issuance of a new Certificate before the Corporation has notice that the Certificate has been acquired by a purchaser for value in good faith and without notice of an adverse claim; (iii) if requested by the Corporation, delivers to the Corporation a bond, in form and substance satisfactory to the Corporation, with surety or sureties and with fixed or open penalty as the Corporation may direct to indemnify the Corporation and the Transfer Agent against any claim that may be made on account of the alleged loss, destruction or theft of the Certificate; and (iv) satisfies any other reasonable requirements imposed by the Corporation. If a stockholder fails to notify the Corporation within a reasonable time after he has notice of the loss, destruction or theft of a Certificate, and a transfer of the Shares represented by the Certificate is registered before the Corporation or the Transfer Agent receives such notification, the stockholder shall be precluded from making any claim against the Corporation or the Transfer Agent for such transfer or for a new Certificate. As a condition to the issuance of any new Certificate under this Section 3, the Corporation may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Transfer Agent) reasonably connected therewith.

Section 4. Transfer of Shares. The Board shall have the power and authority to make all such rules and regulations concerning the issue, transfer and registration or the replacement of certificates for Shares of the Corporation to the extent permitted by applicable law. The Corporation may enter into additional agreements with stockholders to restrict the transfer of Shares of the Corporation in any manner not prohibited by the DGCL.

Section 5. Settlement of Transactions. Nothing contained in these By-Laws shall preclude the settlement of any transactions involving Shares entered into through the facilities of any National Securities Exchange on which such Shares are listed for trading.

Section 6. Dividend Record Date. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 7. Record Owners. The Corporation shall be entitled to recognize the Record Holder as the owner of a Share and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such Share on the part of any other Person, regardless of whether the Corporation shall have actual or other notice thereof, except as otherwise provided by law or any applicable rule, regulation, guideline or requirement of any National Securities Exchange on which such Shares are listed for trading. Without limiting the foregoing, when a Person (such as a broker, dealer, bank, trust company or clearing corporation or an agent of any of the foregoing) is acting as nominee, agent or in some other representative capacity for another Person in acquiring and/or holding Shares, as between the Corporation on the one hand, and such other Persons on the other, such representative Person shall be the Record Holder of such Shares.

Section 8. Splits and Combinations.

(a) Subject to the provisions of the DGCL, the Corporation may make a pro rata distribution of Shares of any class or series to all Record Holders of such class or series of Shares, or may effect a subdivision or combination of Shares of any class or series so long as, after any such event and subject to the effect of Section 8(d) of this Article V, each stockholder shall have the same proportionate ownership of such class or series of Shares of capital stock of the Corporation as before such event, and any amounts calculated on a per Share basis or stated as a number of Shares are proportionately adjusted.

(b) Whenever such a distribution, subdivision or combination of Shares is declared, the Board of Directors shall select a Record Date as of which the distribution, subdivision or combination shall be effective and shall send notice thereof at least 20 days prior to such Record Date to each Record Holder as of a date not more than 10 days prior to the date of such notice.

(c) Promptly following any such distribution, subdivision or combination, the Corporation may issue Certificates to the Record Holders of Shares as of the applicable Record Date representing the new number of Shares held by such Record Holders, or the Board of Directors may adopt such other procedures that it determines to be necessary or appropriate to reflect such changes. If any such combination results in a smaller total number of Shares Outstanding, the Corporation shall require, as a condition to the delivery to a Record Holder of such new Certificate, the surrender of any Certificate held by such Record Holder immediately prior to such Record Date.

(d) The Corporation shall not issue fractional Shares upon any distribution, subdivision or combination of Shares.

Section 9. Class B Shares. Class B Shares shall be exchangeable for Class A Shares on the terms and subject to the conditions set forth in the Amended and Restated Limited Liability Agreement of New Fortress Intermediate, as it may be amended, restated, supplemented and otherwise modified from time to time (the "LLC Agreement"). The Corporation will at all times reserve and keep available out of its authorized but unissued Class A Shares, solely for the purpose of issuance upon redemption of the outstanding Class B Shares for Class A Shares pursuant to the LLC Agreement, such number of Class A Shares that shall be issuable upon any such redemption pursuant to the LLC Agreement; *provided* that nothing contained herein shall be construed to preclude New Fortress Intermediate or the Corporation from satisfying its rights or obligations in respect of any such redemption of Class B Shares pursuant to the LLC Agreement by delivering to the holder of Class B Shares upon such redemption, cash in lieu of Class A Shares in the amount permitted by and provided in the LLC Agreement or Class A Shares which are held in the treasury of the Corporation. All Class A Shares that shall be issued upon any such redemption will, upon issuance in accordance with the LLC Agreement, be validly issued, fully paid and non-assessable.

ARTICLE VI

NOTICES

Section 1. Notices. Any notice, demand, request, report or proxy materials required or permitted to be given or made to a stockholder under these By-Laws shall be in writing and shall be deemed given or made when delivered in person or when sent by first class United States mail or by other means of written communication to the stockholder at the address described below. Any notice, payment or report to be given or made to a stockholder hereunder shall be deemed conclusively to have been given or made, and the obligation to give such notice or report or to make such payment shall be deemed conclusively to have been fully satisfied, upon sending of such notice, payment or report to the Record Holder of such Shares at his address as shown on the records of the Transfer Agent or as otherwise shown on the records of the Corporation, regardless of any claim of any Person who may have an interest in such Shares by reason of any assignment or otherwise. Notwithstanding the foregoing, if (i) a stockholder shall consent to receiving notices, demands, requests, reports or proxy materials via electronic mail or by the Internet or (ii) the rules of the Commission shall permit any report or proxy materials to be delivered electronically or made available via the Internet, any such notice, demand, request, report or proxy materials shall be deemed given or made when delivered or made available via such mode of delivery. An affidavit or certificate of making of any notice, payment or report in accordance with the provisions of this Section 1 executed by the Corporation, the Transfer Agent or the mailing organization shall be prima facie evidence of the giving or making of such notice, payment or report. If any notice, payment or report given or made in accordance with the provisions of this Section 1 is returned marked to indicate that such notice, payment or report was unable to be delivered, such notice, payment or report and, in the case of notices, payments or reports returned by the United States Postal Service (or other physical mail delivery service outside the United States of America) and any subsequent notices, payments and reports shall be deemed to have been duly given or made without further mailing (until such time as such Record Holder or another Person notifies the Transfer Agent or the Corporation of a change in his address) or other delivery if they are available for the stockholder at the principal office of the Corporation for a period of one year from the date of the giving or making of such notice, payment or report to the other stockholders. Any notice to the Corporation shall be deemed given if received by the Secretary at the principal office of the Corporation designated pursuant to Article I of these By-Laws. The Board of Directors and the Officers may rely and shall be protected in relying on any notice or other document from a stockholder or other Person if believed by it to be genuine. The terms “in writing,” “written communications,” “written notice” and words of similar import shall be deemed satisfied under these By-Laws by use of e-mail and other forms of electronic communication.

Section 2. Waivers of Notice. Whenever notice to the stockholders is required to be given under applicable law, the Certificate of Incorporation or these By-Laws, a written waiver, signed by the Person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a Person at any such meeting of the stockholders shall constitute a waiver of notice of such meeting, except when the Person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these By-Laws. All waivers and approvals shall be filed with the Corporation records or made part of the minutes of the meeting.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such Officer or Officers or such other Person or Persons as the Board of Directors may from time to time designate.

Section 2. Fiscal Year. The fiscal year of the Corporation shall be a calendar year ending December 31, unless otherwise determined by the Board of Directors.

Section 3. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words “Corporate Seal, Delaware”. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 4. Title to Corporation Assets. Title to Corporation assets, whether real, personal or mixed and whether tangible or intangible, shall be deemed to be owned by the Corporation as an entity, and no stockholder, Director or Officer, individually or collectively, shall have any ownership interest in such Corporation assets or any portion thereof. Title to any or all of the Corporation assets may be held in the name of the Corporation or one or more nominees, as the Board of Directors may determine. All Corporation assets shall be recorded as the property of the Corporation in its books and records, irrespective of the name in which record title to such Corporation assets is held.

Section 5. Construction. Unless the context requires otherwise: (a) any pronoun used in these By-Laws shall include the corresponding masculine, feminine or neuter forms; (b) references to Articles and Sections refer to Articles and Sections of these By-Laws; and (c) the term “include” or “includes” means includes, without limitation, and “including” means including, without limitation.

Section 6. Formation. The Corporation has been converted to, and incorporated as, a corporation pursuant to the provisions of the DGCL. Except as expressly provided to the contrary in the Certificate of Incorporation or these By-Laws, the rights, duties, liabilities and obligations of the stockholders and the administration, dissolution and termination of the Corporation shall be governed by the DGCL. All Shares shall constitute personal property of the owner thereof for all purposes and a stockholder has no interest in specific Corporation property.

Section 7. Records and Accounting. The Board of Directors shall keep or cause to be kept at the principal office of the Corporation appropriate books and records with respect to the Corporation’s business, including all books and records necessary to provide to the stockholders any information required to be provided pursuant to these By-Laws or under applicable law. Any books and records maintained by or on behalf of the Corporation in the regular course of its business, including the record of the stockholders, books of account and records of Corporation proceedings, may be kept on, or be in the form of, computer disks, hard drives, punch cards, magnetic tape, photographs, micrographics or any other information storage device; *provided*, *that* the books and records so maintained are convertible into clearly legible written form within a reasonable period of time. The books of the Corporation shall be maintained, for tax and financial reporting purposes, on an accrual basis in accordance with U.S. generally accepted accounting principles.

Section 8. Reports.

(a) As soon as practicable, but in no event later than 120 days after the close of each fiscal year of the Corporation, the Board of Directors shall use commercially reasonable efforts to cause to be mailed or made available to each Record Holder of a Share, as of a date selected by the Board of Directors, an annual report containing financial statements of the Corporation for such fiscal year of the Corporation, presented in accordance with U.S. generally accepted accounting principles, including a balance sheet and statements of operations, equity and cash flows, such statements to be audited by a registered public accounting firm selected by the Board of Directors.

(b) As soon as practicable, but in no event later than 90 days after the close of each Quarter except the last Quarter of each fiscal year, the Board of Directors shall use commercially reasonable efforts to cause to be mailed or made available to each Record Holder of a Share, as of a date selected by the Board of Directors, a report containing unaudited financial statements of the Corporation and such other information as may be required by applicable law, regulation or rule of any National Securities Exchange on which the Shares are listed for trading, or as the Board of Directors determines to be necessary or appropriate.

(c) The Corporation shall be deemed to have made a report available to each Record Holder as required by this Section 8 if it has either (i) filed such report with the Commission via its Electronic Data Gathering, Analysis and Retrieval system and such report is publicly available on such system or (ii) made such report available on any publicly available website maintained by the Corporation.

Section 9. Invalidity of Provisions. If any provision of these By-Laws is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby and these By-Laws shall, to the fullest extent permitted by law, be reformed and construed as if such invalid, illegal or unenforceable provision, or part of a provision, had never been contained herein, and such provisions or part reformed so that it would be valid, legal and enforceable to the maximum extent possible.

Section 10. Definitions. The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in these By-Laws.

(a) "Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries Controls, is Controlled by or is under common Control with the Person in question. As used herein, the term "Control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

(b) "Business Day" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States of America or the State of New York shall not be regarded as a Business Day.

(c) "Certificate" means a certificate in such form as may be adopted by the Board of Directors, issued by the Corporation evidencing ownership of one or more Shares.

(d) "Class A Share" means a Share in the Corporation designated as a "Class A Share."

(e) "Class B Share" means a Share in the Corporation designated as a "Class B Share."

(f) “Commission” means the United States Securities and Exchange Commission.

(g) “Common Shares” means any Shares that are not Preferred Shares, and for the avoidance of doubt includes Class A Shares and Class B Shares.

(h) “Company Group” means the Corporation and each Subsidiary of the Corporation.

(i) “Consenting Entities” means NFE WE LLC and NFE RN LLC.

(j) “Director” means a member of the Board of Directors of the Corporation.

(k) “Exchange Act” means the Securities Exchange Act of 1934, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

(l) “FEP” means Fortress Equity Partners (A) LP.

(m) “Governmental Entity” means any court, administrative agency, regulatory body, commission or other governmental authority, board, bureau or instrumentality, domestic or foreign and any subdivision thereof.

(n) “Group Member” means a member of the Company Group.

(o) “Indemnified Person” means (a) any Person who is or was a Director or Officer of the Corporation or its predecessor, (b) any Person who is or was serving at the request of the Corporation or its predecessor as an officer, director, member, manager, partner, fiduciary or trustee of another Person (including any Subsidiary); *provided*, that a Person shall not be an Indemnified Person by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services, (c) FEP and Fortress Investment Group LLC and their respective Affiliates, (d) the Consenting Entities and their respective Affiliates and (e) any Person the Board of Directors designates as an “Indemnified Person” for purposes of these By-Laws.

(p) “National Securities Exchange” means an exchange registered with the Commission under Section 6(a) of the Exchange Act.

(q) “New Fortress Holdings” means New Fortress Energy Holdings LLC, a Delaware limited liability company.

(r) “New Fortress Intermediate” means New Fortress Intermediate LLC, a Delaware limited liability company.

(s) “Outstanding” means, with respect to Shares, all Shares that are issued by the Corporation and reflected as outstanding on the Corporation’s books and records as of the date of determination.

(t) “Person” means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, Governmental Entity or other entity.

(u) “Preferred Shares” means a class of Shares that entitles the Record Holders thereof to a preference or priority over the Record Holders of any other class of Shares in (i) the right to share profits or losses or items thereof, (ii) the right to share in Corporation distributions, or (iii) rights upon dissolution or liquidation of the Corporation.

(v) “Quarter” means, unless the context requires otherwise, a fiscal quarter of the Corporation.

(w) “Record Date” means the date established by the Board of Directors for determining (i) the identity of the Record Holders entitled to notice of, or to vote at, any meeting of stockholders or entitled to exercise rights in respect of any lawful action of stockholders or (ii) the identity of Record Holders entitled to receive any report or distribution or to participate in any offer.

(x) “Record Holder” or “holder” means (a) with respect to any Class A Shares, the Person in whose name such Shares are registered on the books of the Transfer Agent as of the opening of business on a particular Business Day, and (b) with respect to any Shares of any other class, the Person in whose name such Shares are registered on the books that the Corporation has caused to be kept as of the opening of business on such Business Day.

(y) “Securities Act” means the Securities Act of 1933, as amended, supplemented or restated from time to time and any successor to such statute, and the rules and regulations promulgated thereunder.

(z) “Share” means a share issued by the Corporation that evidences a stockholder’s rights, powers and duties with respect to the Corporation pursuant to these By-Laws and the DGCL. Shares may be Common Shares or Preferred Shares, and may be issued in different classes or series.

(aa) “Share Majority” means a majority of the total votes that may be cast in the election of Directors by holders of all Outstanding Voting Shares.

(bb) “Shareholders Agreement” means the Shareholders’ Agreement, dated as of February 4, 2019, by and among the Corporation, New Fortress Holdings, Wesley R. Edens and Randal A. Nardone, as it may be amended.

(cc) “Subsidiary” means, with respect to any Person, as of any date of determination, any other Person as to which such Person owns or otherwise controls, directly or indirectly, more than 50% of the voting shares or other similar interests or a sole general partner interest or managing member or similar interest of such Person. For the avoidance of doubt, New Fortress Intermediate and its Subsidiaries shall be deemed to be Subsidiaries of the Corporation.

(dd) "transfer" means, with respect to a Share, a transaction by which the Record Holder of a Share assigns such Share to another Person who is or becomes a stockholder, and includes a sale, assignment, gift, exchange or any other disposition by law or otherwise, including any transfer upon foreclosure of any pledge, encumbrance, hypothecation or mortgage.

(ee) "Transfer Agent" means, with respect to any class of Shares, such bank, trust company or other Person (including the Corporation or one of its Affiliates) as shall be appointed from time to time by the Corporation to act as registrar and transfer agent for such class of Shares; *provided* that if no Transfer Agent is specifically designated for such class of Shares, the Corporation shall act in such capacity.

(ff) "Voting Shares" means the Class A Shares, the Class B Shares and any other class of Shares issued after the date of this Certificate of Incorporation that entitles the Record Holder thereof to vote on any matter submitted for consent or approval of stockholders.

ARTICLE VIII

INDEMNIFICATION

Section 1. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such Indemnified Person (a) is or was a Director or Officer of the Corporation or its predecessor, is or was serving at the request of the Corporation or its predecessor as an officer, director, member, manager, partner, fiduciary or trustee of another Person (including any Subsidiary) (*provided* that a Person shall not be an Indemnified Person by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services), (b) is or was FEP, Fortress Investment Group LLC or their respective Affiliates, (c) is or was a Consenting Entity or their respective Affiliates or (d) is or was any Person the Board of Directors designates as an "Indemnified Person" for purposes of these By-Laws, in each case of clauses (a), (b), (c) and (d), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Indemnified Person in connection with such action, suit or proceeding if such Indemnified Person acted in good faith and in a manner such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such Indemnified Person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Indemnified Person did not act in good faith and in a manner which such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such Indemnified Person's conduct was unlawful.

Section 2. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 3 of this Article VIII, the Corporation shall indemnify any Indemnified Person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such Indemnified Person is or was a Director or Officer of the Corporation or its predecessor, is or was serving at the request of the Corporation or its predecessor as an officer, director, member, manager, partner, fiduciary or trustee of another Person (including any Subsidiary) (*provided* that a Person shall not be an Indemnified Person by reason of providing, on a fee-for-services basis, trustee, fiduciary or custodial services), is or was FEP, Fortress Investment Group LLC or their respective Affiliates, is or was a Consenting Entity or their respective Affiliates or is or was any Person the Board of Directors designates as an "Indemnified Person" for purposes of these By-Laws, against expenses (including attorneys' fees) actually and reasonably incurred by such Indemnified Person in connection with the defense or settlement of such action or suit if such Indemnified Person acted in good faith and in a manner such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such Indemnified Person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such Indemnified Person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 3. Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the Indemnified Person is proper in the circumstances because such Indemnified Person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made, with respect to an Indemnified Person who is a Director or Officer at the time of such determination, (i) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such Directors designated by a majority vote of such Directors, even though less than a quorum, or (iii) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to any other Indemnified Person, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that an Indemnified Person has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such Indemnified Person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such Indemnified Person in connection therewith, without the necessity of authorization in the specific case.

Section 4. Good Faith Defined. For purposes of any determination under Section 3 of this Article VIII, an Indemnified Person shall be deemed to have acted in good faith and in a manner such Indemnified Person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such Indemnified Person's conduct was unlawful, if such Indemnified Person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such Indemnified Person by the Officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which an Indemnified Person may be deemed to have met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be.

Section 5. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any Indemnified Person may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 1 or Section 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the Indemnified Person is proper in the circumstances because such Indemnified Person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the Indemnified Person seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the Indemnified Person seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 6. Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by an Indemnified Person in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Indemnified Person to repay such amount if it shall ultimately be determined that such Indemnified Person is not entitled to be indemnified by the Corporation as authorized in this Article VIII. Such expenses (including attorneys' fees) incurred by Indemnified Persons that are former Directors or Officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 7. Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such Indemnified Person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the Persons specified in Section 1 and Section 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any Person who is not specified in Section 1 or Section 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

Section 8. Insurance. The Corporation may purchase and maintain insurance on behalf of any Indemnified Person against any liability asserted against such Indemnified Person and incurred by such Indemnified Person in any capacity as an Indemnified Person, or arising out of such Person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such Person against such liability under the provisions of this Article VIII.

Section 9. Certain Definitions. For purposes of this Article VIII, references to the "Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any Person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such Person would have with respect to such constituent corporation if its separate existence had continued. The term "another enterprise" as used in this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such Person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a Person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a Director, Officer, employee or agent of the Corporation which imposes duties on, or involves services by, such Director or Officer with respect to an employee benefit plan, its participants or beneficiaries; and a Person who acted in good faith and in a manner such Person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 10. Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a Person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a Person.

Section 11. Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 of this Article VIII), the Corporation shall not be obligated to indemnify any Indemnified Person (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such Person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 12. Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to Indemnified Persons.

Section 13. Indemnification with Respect to Employee Benefit Plans. Any liabilities which an Indemnified Person incurs as a result of acting on behalf of the Corporation (whether as a fiduciary or otherwise) in connection with the operation, administration or maintenance of an employee benefit plan or any related trust or funding mechanism (whether such liabilities are in the form of excise taxes assessed by the United States Internal Revenue Service, penalties assessed by the Department of Labor, restitutions to such a plan or trust or other funding mechanism or to a participant or beneficiary of such plan, trust or other funding mechanism, or otherwise) shall be treated as liabilities indemnifiable under this Article VIII, to the maximum extent permitted by law.

ARTICLE IX

FORUM FOR ADJUDICATION OF CERTAIN DISPUTES

Section 1. Forum for Adjudication of Certain Disputes.

(a) Unless the Corporation consents in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any Director, Officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (iii) any action asserting a claim against the Corporation or any Director or Officer or other employee of the Corporation arising pursuant to any provision of the DGCL, the Certificate of Incorporation or these By-Laws, or (iv) any action asserting a claim against the Corporation or any Director or Officer or other employee of the Corporation governed by the internal affairs doctrine, in each such case subject to said Court of Chancery having personal jurisdiction over the indispensable parties named as defendants therein. Any person or entity purchasing or otherwise acquiring any interest in Shares of the Corporation shall be deemed to have notice of and consented to the provisions of this Section 1.

(b) If any provision or provisions of this Section 1 shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legal and enforceability of such provisions in any other circumstance and of the remaining provisions of this Section 1 (including, without limitation, each portion of any sentence of this Section 1 containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities and circumstances shall not in any way be affected or impaired thereby.

(c) To the fullest extent permitted by law, if any action the subject matter of which is within the scope of Article IX Section 1(a) is filed in a court other than a court located within the State of Delaware (a "Foreign Action") in the name of any stockholder, such stockholder shall be deemed to have consented to (A) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce Article IX Section 1(a) (an "FSC Enforcement Action") and (B) having service of process made upon such stockholder in any such FSC Enforcement Action by service upon such stockholder's counsel in the Foreign Action as agent for such stockholder.

ARTICLE X

AMENDMENTS

Section 1. General. Except as provided in Sections 2, 3 and 4 of this Article X, the Board of Directors may amend any of the terms of these By-Laws but only in compliance with the terms, conditions and procedures set forth in this Section 1. If the Board of Directors desires to amend any provision of these By-Laws other than pursuant to Section 3 of this Article X, then it shall first adopt a resolution setting forth the amendment proposed, declaring its advisability, and then (i) call a special meeting of the stockholders entitled to vote in respect thereof for the consideration of such amendment, (ii) direct that the amendment proposed be considered at the next annual meeting of the stockholders or (iii) seek the written consent of the stockholders. Such special or annual meeting shall be called and held upon notice in accordance with these By-Laws. The notice shall set forth such amendment in full or a brief summary of the changes to be effected thereby, as the Board of Directors shall deem advisable. At the meeting, a vote of stockholders entitled to vote thereon shall be taken for and against the proposed amendment. A proposed amendment shall be effective upon its approval by a Share Majority, unless a greater percentage is required under the Certificate of Incorporation, these By-Laws, applicable law or the rules and regulations of any securities exchange or quotation system on which the Corporation's securities are listed or quoted for trading.

Section 2. Super-Majority Amendments. Notwithstanding Section 1 of this Article X, the affirmative vote of the holders of Outstanding Voting Shares representing at least two-thirds of the total votes that may be cast by all Outstanding Voting Shares in the election of Directors, voting together as a single class, shall be required to alter or amend any provision of this Section 2 or Section 4(b) of this Article X.

Section 3. Amendments to be Adopted Solely by the Board of Directors. Notwithstanding Section 1 of this Article X, the Board of Directors, without the approval of any stockholder, may amend any provision of these By-Laws, and execute, swear to, acknowledge, deliver, file and record whatever documents may be required in connection therewith, to reflect:

(a) a change in the name of the Corporation, the location of the principal place of business of the Corporation, the registered agent of the Corporation or the registered office of the Corporation;

(b) a change that, in the sole discretion of the Board of Directors, it determines (i) does not adversely affect the stockholders (including adversely affecting the holders of any particular class or series of Shares as compared to other holders of other classes or series of Shares) in any material respect, (ii) to be necessary or appropriate to satisfy any requirements, conditions or guidelines contained in any opinion, directive, order, ruling or regulation of any federal or state agency or judicial authority or contained in any federal or state statute (including the DGCL), (iii) to be necessary, desirable or appropriate to facilitate the trading of the Shares or comply with any rule, regulation, guideline or requirement of any National Securities Exchange on which Shares are or will be listed for trading, compliance with any of which the Board of Directors deems to be in the best interests of the Corporation and the stockholders, (iv) to be necessary or appropriate in connection with action taken by the Board of Directors pursuant to Section 8 of Article V of these By-Laws or (v) is required to effect the intent of the provisions of the Certificate of Incorporation or these By-Laws or is otherwise contemplated by the Certificate of Incorporation or these By-Laws;

(c) a change in the fiscal year or taxable year of the Corporation and any other changes that the Board of Directors determines to be necessary or appropriate as a result of a change in the fiscal year or taxable year of the Corporation;

(d) an amendment that the Board of Directors determines, based on the advice of counsel, to be necessary or appropriate to prevent the Corporation or its Directors, Officers, trustees or agents from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or "plan asset" regulations adopted under the Employee Retirement Income Security Act of 1974, as amended, regardless of whether such are substantially similar to plan asset regulations currently applied or proposed by the United States Department of Labor;

(e) an amendment that the Board of Directors determines to be necessary or appropriate in connection with the authorization or issuance of any class or series of Shares pursuant to Article FOURTH of the Certificate of Incorporation;

(f) any amendment expressly permitted in the Certificate of Incorporation or these By-Laws to be made by the Board of Directors acting alone;

(g) an amendment effected, necessitated or contemplated by a merger agreement approved in accordance with the Certificate of Incorporation and these By-Laws;

(h) an amendment that the Board of Directors determines to be necessary or appropriate to reflect and account for the formation by the Corporation of, or investment by the Corporation in, any corporation, partnership, joint venture, limited liability company or other entity, in connection with the conduct by the Corporation of activities permitted by the terms of Article THIRD of the Certificate of Incorporation;

(i) a merger, conversion or conveyance approved in accordance with the requirements of the DGCL, the Certificate of Incorporation and these By-Laws; or

(j) any other amendments substantially similar to the foregoing.

Section 4. Amendment Requirements.

(a) Notwithstanding the provisions of Sections 1 and 3 of this Article X (other than Section 3(b)(iv) of this Article X), no provision of the Certificate of Incorporation or these By-Laws that establishes a percentage of Outstanding Voting Shares required to take any action shall be amended, altered, changed, repealed or rescinded in any respect that would have the effect of reducing such voting percentage unless such amendment is approved by the affirmative vote of holders of Outstanding Voting Shares whose aggregate Outstanding Voting Shares constitute not less than the voting requirement sought to be reduced.

(b) Notwithstanding the provisions of Sections 1 and 3 of this Article X (other than Section 3(b)(iv) of this Article X), but subject to the provisions of Section 2 of this Article X, no amendment to the Certificate of Incorporation or these By-Laws may (i) enlarge the obligations of any stockholder without its consent, unless such shall occur as a result of an amendment approved pursuant to Section 4(c) of this Article X or (ii) change the term of the Corporation.

(c) Without limitation of the Board of Directors' authority to adopt amendments to the Certificate of Incorporation or these By-Laws without the approval of any stockholders as contemplated in Section 1 of this Article X, and notwithstanding the provisions of Section 1 of this Article X, any amendment that would have a material adverse effect on the rights or preferences of any class or series of Shares in relation to other classes or series of Shares must be approved by the holders of a majority of the Outstanding Shares of the class or series affected.

(d) Notwithstanding the provisions of Sections 1 and 3 of this Article X (other than Section 3(b)(iv) of this Article X), so long as the Consenting Entities or their Affiliates collectively directly or indirectly own at least 30% of the outstanding Shares, no amendment to Article ELEVENTH of the Certificate of Incorporation may be made without the prior consent of each of the Consenting Entities (so long as such Consenting Entity or its Affiliates owns at least one Share).

* * *

Adopted as of: August 3, 2020

Last Amended as of: N/A