UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K/A
Amendment No. 1

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2009

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	Registrant; State of Incorporation; Address; and Telephone Number	IRS Employer Identification No.
1-11337	INTEGRYS ENERGY GROUP, INC. (A Wisconsin Corporation) 130 East Randolph Drive Chicago, IL 60601 (312) 228-5400	39-1775292

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

Title of each class	Name of each exchange on which registered
Common Stock, $1 par value	New York Stock Exchange

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

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [X] No [ ]

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes [ ] No [X]

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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). (Registrant is not yet required to provide financial disclosure in an Interactive Data File format.)

Yes [ ] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

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

Large accelerated filer [X]	Accelerated filer [ ]
Non-accelerated filer [ ]	Smaller reporting company [ ]

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes [ ] No [X]

State the aggregate market value of the voting and
non-voting common equity held by non-affiliates of the Registrant.

$2,291,910,925 as of June 30, 2009

Number of shares outstanding of each class
of common stock, as of February 24, 2010

Common Stock, $1 par value, 76,522,377 shares

DOCUMENT INCORPORATED BY REFERENCE

Definitive proxy statement for the Integrys Energy Group, Inc. Annual Meeting of Shareholders to be held on May 13, 2010 is incorporated by reference into Part III.

Explanatory Note – Amendment No. 1

Integrys Energy Group, Inc. is filing this Form 10-K/A to replace Exhibits 2.2 and 2.3, and to file Exhibit 4.11 of its Annual Report on Form 10-K for the year ended December 31, 2009, that was originally filed on February 26, 2010. The replacement of Exhibits 2.2 and 2.3 is in response to comments received from the United States Securities and Exchange Commission ("SEC") on Integrys Energy Group's request for confidential treatment for certain information contained in those exhibits. In response to the SEC's comments, Integrys Energy Group is re-filing Exhibits 2.2 and 2.3 with less information being redacted as confidential.

This Form 10-K/A does not change any other information, including, but not limited to, any financial statements or other exhibits and disclosures, set forth in the original Annual Report on Form 10-K filed by Integrys Energy Group for the year ended December 31, 2009.

In connection with the filing of this Form 10-K/A and pursuant to SEC rules, Integrys Energy Group is including currently dated 302 certifications. Other than Exhibits 2.2, 2.3, 4.11, 31.1, and 31.2, this Form 10-K/A does not otherwise update any exhibits as originally filed and does not otherwise reflect events occurring after the original filing date of the Annual Report on Form 10-K for the year ended December 31, 2009.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

Documents filed as part of this report:

(1) Consolidated Financial Statements included in Part II at Item 8 above:

(2) Financial Statement Schedules.

The following financial statement schedules are included in Part IV of this report. Schedules not included herein have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) Listing of all exhibits, including those incorporated by reference.

See the attached Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on this 23 day of April, 2010.

INTEGRYS ENERGY GROUP, INC.

(Registrant)

By: /s/ Charles A. Schrock
Charles A. Schrock
Chairman, President and Chief Executive Officer

EXHIBIT INDEX

Set forth below is a listing of all exhibits to this Annual Report on Form 10-K, including those incorporated by reference.

Certain other instruments, which would otherwise be required to be listed below, have not been so listed as such instruments do not authorize long-term debt securities in an amount which exceeds 10% of the total assets of Integrys Energy Group and its subsidiaries on a consolidated basis. Integrys Energy Group agrees to furnish a copy of any such instrument to the SEC upon request.

Explanatory Note: Many of the exhibits listed below were entered into when Integrys Energy Group, Inc. was known as WPS Resources Corporation but have been referred to below by reference to its current name.

Exhibit Number	Description of Documents
2.1*	Asset Contribution Agreement between ATC and Wisconsin Electric Power Company, Wisconsin Power and Light Company, WPS, Madison Gas & Electric Co., Edison Sault Electric Company, South Beloit Water, Gas and Electric Company, dated as of December 15, 2000. (Incorporated by reference to Exhibit 2A-3 to Integrys Energy Group's Form 10-K for the year ended December 31, 2000.)
2.2* #	Purchase and Sale Agreement between Integrys Energy Services, Inc., as Seller, and Macquarie Cook Power, Inc., as Purchaser, dated as of December 23, 2009.
2.3	First Amendment to Purchase and Sale Agreement dated January 26, 2010, between Integrys Energy Services, Inc., as Seller, and Macquarie Cook Power, Inc., as Purchaser.
3.1	Restated Articles of Incorporation of Integrys Energy Group, as amended. (Incorporated by reference to Exhibit 3.2 to Integrys Energy Group's Form 8-K filed February 27, 2007.)
3.2	By-Laws of Integrys Energy Group, as amended through December 17, 2009. (Incorporated by reference to Exhibit 3.2 to Integrys Energy Group's Form 8-K filed December 22, 2009.)
4.1	Senior Indenture, dated as of October 1, 1999, between Integrys Energy Group and U.S. Bank National Association (successor to Firstar Bank Milwaukee, N.A., National Association) (Incorporated by reference to Exhibit 4(b) to Amendment No. 1 to Form S-3 filed October 21, 1999 [Reg. No. 333-88525]); First Supplemental Indenture, dated as of November 1, 1999 between Integrys Energy Group and Firstar Bank, National Association (Incorporated by reference to Exhibit 4A of Form 8-K filed November 12, 1999); Second Supplemental Indenture, dated as of November 1, 2002 between Integrys Energy Group and U.S. Bank National Association; Third Supplemental Indenture, dated as of June 1, 2009, by and between Integrys Energy Group and U.S. Bank National Association (Incorporated by reference to Exhibit 4.1 to Integrys Energy Group's Form 8-K filed June 17, 2009); and Fourth Supplemental Indenture, dated as of June 1, 2009, by and between Integrys Energy Group and U.S. Bank National Association (Incorporated by reference to Exhibit 4.2 to Integrys Energy Group's Form 8-K filed June 17, 2009). (Incorporated by reference to Exhibit 4A of Form 8-K filed November 25, 2002.) All references to filings are those of Integrys Energy Group (File No. 1-11337).
4.2	Subordinated Indenture, dated as of November 13, 2006, between Integrys Energy Group and U.S. Bank National Association, as trustee (Incorporated by reference to Exhibit 4(c) to Amendment No. 1 to Form S-3 filed December 4, 2006 [Reg. No. 333-133194]; and First Supplemental Indenture by and between Integrys Energy Group, Inc. and U.S. Bank National Association, as trustee, dated December 1, 2006. (Incorporated by reference to Exhibit 4 to Integrys Energy Group's Form 8-K filed December 1, 2006.)

4.3 Replacement Capital Covenant of Integrys Energy Group, Inc., dated December 1, 2006. (Incorporated by reference to Exhibit 99 to Integrys Energy Group Form 8-K filed December 1, 2006.)

4.4 Credit Agreement dated as of June 13, 2006, by and among PEC, the financial institutions party hereto, and Bank of America, N.A., JPMorgan Chase Bank, N.A., ABN AMRO Incorporated, US Bank National Association, and The Bank of Tokyo-Mitsubishi, Ltd. Chicago Branch, as agents. (Incorporated by reference to Exhibit 10(a) to PEC - Form 10-Q filed August 9, 2006 [File No. 1-05540].)

4.5 Guaranty, dated May 18, 2007, by and among Integrys Energy Group, Inc. and Bank of America, N.A. in its capacity as Administrative Agent. (Incorporated by reference to Exhibit 10.1 to Integrys Energy Group's Form 8-K filed May 22, 2007.)

4.6 First Amendment and Consent to Credit Agreement dated May 18, 2007 between PEC and Bank of America N.A., as Administrative Agent. (Incorporated by reference to Exhibit 10.2 to Integrys Energy Group's Form 8-K filed May 22, 2007.)

4.7 First Mortgage and Deed of Trust, dated as of January 1, 1941 from WPS to U.S. Bank National Association (successor to First Wisconsin Trust Company), Trustee (Incorporated by reference to Exhibit 7.01 - File No. 2-7229); Supplemental Indenture, dated as of November 1, 1947 (Incorporated by reference to Exhibit 7.02 - File No. 2-7602); Supplemental Indenture, dated as of November 1, 1950 (Incorporated by reference to Exhibit 4.04 - File No. 2-10174); Supplemental Indenture, dated as of May 1, 1953 (Incorporated by reference to Exhibit 4.03 - File No. 2-10716); Supplemental Indenture, dated as of October 1, 1954 (Incorporated by reference to Exhibit 4.03 - File No. 2-13572); Supplemental Indenture, dated as of December 1, 1957 (Incorporated by reference to Exhibit 4.03 - File No. 2-14527); Supplemental Indenture, dated as of October 1, 1963 (Incorporated by reference to Exhibit 2.02B - File No. 2-65710); Supplemental Indenture, dated as of June 1, 1964 (Incorporated by reference to Exhibit 2.02B - File No. 2-65710); Supplemental Indenture, dated as of November 1, 1967 (Incorporated by reference to Exhibit 2.02B - File No. 2-65710); Supplemental Indenture, dated as of April 1, 1969 (Incorporated by reference to Exhibit 2.02B - File No. 2-65710); Fifteenth Supplemental Indenture, dated as of May 1, 1971 (Incorporated by reference to Exhibit 2.02B - File No. 2-65710); Sixteenth Supplemental Indenture, dated as of August 1, 1973 (Incorporated by reference to Exhibit 2.02B - File No. 2-65710); Seventeenth Supplemental Indenture, dated as of September 1, 1973 (Incorporated by reference to Exhibit 2.02B - File No. 2-65710); Eighteenth Supplemental Indenture, dated as of October 1, 1975 (Incorporated by reference to Exhibit 2.02B - File No. 2-65710); Nineteenth Supplemental Indenture, dated as of February 1, 1977 (Incorporated by reference to Exhibit 2.02B - File No. 2-65710); Twentieth Supplemental Indenture, dated as of July 15, 1980 (Incorporated by reference to Exhibit 4B to Form 10-K for the year ended December 31, 1980); Twenty-First Supplemental Indenture, dated as of December 1, 1980 (Incorporated by reference to Exhibit 4B to Form 10-K for the year ended December 31, 1980); Twenty-Second Supplemental Indenture dated as of April 1, 1981 (Incorporated by reference to Exhibit 4B to Form 10-K for the year ended December 31, 1981); Twenty-Third Supplemental Indenture, dated as of February 1, 1984 (Incorporated by reference to Exhibit 4B to Form 10-K for the year ended December 31, 1983); Twenty-Fourth Supplemental Indenture, dated as of March 15, 1984 (Incorporated by reference to Exhibit 1 to Form 10-Q for the quarter ended June 30, 1984); Twenty-Fifth Supplemental Indenture, dated as of October 1, 1985 (Incorporated by reference to Exhibit 1 to Form 10-Q for the quarter ended September 30, 1985); Twenty-Sixth Supplemental Indenture, dated as of December 1, 1987 (Incorporated by reference to Exhibit 4A-1 to Form 10-K for the year ended December 31, 1987); Twenty-Seventh Supplemental Indenture, dated as of September 1, 1991 (Incorporated by reference to Exhibit 4 to Form 8-K filed September 18, 1991); Twenty-Eighth Supplemental Indenture, dated as of July 1, 1992 (Incorporated by reference to Exhibit 4B - File No. 33-51428); Twenty-Ninth Supplemental Indenture, dated as of

October 1, 1992 (Incorporated by reference to Exhibit 4 to Form 8-K filed October 22, 1992); Thirtieth Supplemental Indenture, dated as of February 1, 1993 (Incorporated by reference to Exhibit 4 to Form 8-K filed January 27, 1993); Thirty-First Supplemental Indenture, dated as of July 1, 1993 (Incorporated by reference to Exhibit 4 to Form 8-K filed July 7, 1993); Thirty-Second Supplemental Indenture, dated as of November 1, 1993 (Incorporated by reference to Exhibit 4 to Form 10-Q for the quarter ended September 30, 1993); Thirty-Third Supplemental Indenture, dated as of December 1, 1998 (Incorporated by reference to Exhibit 4D to Form 8-K filed December 18, 1998); Thirty-Fourth Supplemental Indenture, dated as of August 1, 2001 (Incorporated by reference to Exhibit 4D to Form 8-K filed August 24, 2001); Thirty-Fifth Supplemental Indenture, dated as of December 1, 2002 (Incorporated by reference to Exhibit 4D to Form 8-K filed December 16, 2002); Thirty-Sixth Supplemental Indenture, dated as of December 8, 2003 (Incorporated by reference to Exhibit 4.2 to Form 8-K filed December 9, 2003); Thirty-Seventh Supplemental Indenture, dated as of December 1, 2006 (Incorporated by reference to Exhibit 4.2 to Form 8-K filed November 30, 2006); Thirty-Eighth Supplemental Indenture, dated as of August 1, 2006 (Incorporated by reference to Exhibit 4.1 to Form 10-K for the year ended December 31, 2006); Thirty-Ninth Supplemental Indenture, dated as of November 1, 2007 (Incorporated by reference to Exhibit 4.2 to Form 8-K filed November 16, 2007); and Fortieth Supplemental Indenture, dated as of December 1, 2008 (Incorporated by reference to Exhibit 4.2 to Form 8-K filed December 4, 2008). All references to periodic reports are to those of WPS (File No. 1-3016).

4.8 Indenture, dated as of December 1, 1998, between WPS and U.S. Bank National Association (successor to Firstar Bank Milwaukee, N.A., National Association) (Incorporated by reference to Exhibit 4A to Form 8-K filed December 18, 1998); First Supplemental Indenture, dated as of December 1, 1998 between WPS and Firstar Bank Milwaukee, N.A., National Association (Incorporated by reference to Exhibit 4C to Form 8-K filed December 18, 1998); Second Supplemental Indenture, dated as of August 1, 2001 between WPS and Firstar Bank, National Association (Incorporated by reference to Exhibit 4C of Form 8-K filed August 24, 2001); Third Supplemental Indenture, dated as of December 1, 2002 between WPS and U.S. Bank National Association (Incorporated by reference to Exhibit 4C of Form 8-K filed December 16, 2002); Fourth Supplemental Indenture, dated as of December 8, 2003, by and between WPS and U.S. Bank National Association (successor to Firstar Bank, National Association and Firstar Bank Milwaukee, N.A., National Association) (Incorporated by reference to Exhibit 4.1 to Form 8-K filed December 9, 2003); Fifth Supplemental Indenture, dated as of December 1, 2006, by and between WPS and U.S. Bank National Association (successor to Firstar Bank, National Association and Firstar Bank Milwaukee, N.A., National Association) (Incorporated by reference to Exhibit 4.1 to Form 8-K filed November 30, 2006); Sixth Supplemental Indenture, dated as of December 1, 2006, by and between WPS and U.S. Bank National Association (successor to Firstar Bank, National Association and Firstar Bank Milwaukee, N.A., National Association) (Incorporated by reference to Exhibit 4.2 to Form 10-K for the year ended December 31, 2006); Seventh Supplemental Indenture, dated as of November 1, 2007, by and between WPS and U.S. Bank National Association (successor to Firstar Bank, National Association and Firstar Bank Milwaukee, N.A., National Association) (Incorporated by reference to Exhibit 4.1 to Form 8-K filed November 16, 2007); and Eighth Supplemental Indenture, dated as of December 1, 2008, by and between WPS and U.S. Bank National Association (successor to Firstar Bank, National Association and Firstar Bank Milwaukee, N.A., National Association) (Incorporated by reference to Exhibit 4.1 to Form 8-K filed December 4, 2008). References to periodic reports are to those of WPS (File No. 1-3016).

4.9 Indenture, dated as of January 18, 2001, between PEC and Bank One Trust Company National Association. (Incorporated by reference to Exhibit 4(a) to PEC Form 10-Q filed May 15, 2001[File No. 1-05540].)

4.10 First Supplemental Indenture, dated as of March 5, 2007, by and among PEC, Integrys Energy Group, Inc. and The Bank of New York Trust Company, N.A., as Trustee including a Guaranty of Integrys Energy Group, Inc. (Incorporated by reference to Exhibit 4.1 to Integrys Energy Group's Form 8-K filed March 9, 2007.)

4.11 PGL First and Refunding Mortgage, dated January 2, 1926, from Chicago By-Product Coke Company to Illinois Merchants Trust Company, Trustee, assumed by PGL by Indenture dated March 1, 1928 (PGL - May 17, 1935, Exhibit B-6a, Exhibit B-6b A-2 File No. 2-2151, 1936); Supplemental Indenture dated as of May 20, 1936, (PGL - Form 8-K for the year 1936, Exhibit B-6f); Supplemental Indenture dated as of March 10, 1950 (PGL - Form 8-K for the month of March 1950, Exhibit B-6i); Supplemental Indenture dated as of June 1, 1951 (PGL - File No. 2-8989, Post-Effective, Exhibit 7-4(b)); Supplemental Indenture dated as of August 15, 1967 (PGL - File No. 2-26983, Post-Effective, Exhibit 2-4); Supplemental Indenture dated as of September 15, 1970 (PGL - File No. 2-38168, Post-Effective Exhibit 2-2); Supplemental Indenture dated June 1, 1995 (PGL - Form 10-K for fiscal year ended September 30, 1995); Supplemental Indenture, First and Refunding Mortgage Multi-Modal Bonds, Series HH of PGL, effective March 1, 2000 (PGL - Form 10-K for fiscal year ended September 30, 2000, Exhibit 4(b)); Supplemental Indenture dated as of February 1, 2003, First and Refunding Mortgage 5% Bonds, Series KK (PEC and PGL - Form 10-Q for the quarter ended March 31, 2003, Exhibit 4(a)); Supplemental Indenture dated as of February 1, 2003, First and Refunding Mortgage Multi-Modal Bonds, Series LL (PEC and PGL - Form 10-Q for the quarter ended March 31, 2003, Exhibit 4(b)); Supplemental Indenture dated as of February 15, 2003, First and Refunding Mortgage 4.00% Bonds, Series MM-1 and Series MM-2 (PEC and PGL - Form 10-Q for the quarter ended March 31, 2003, Exhibit 4(c)); Supplemental Indenture dated as of April 15, 2003, First and Refunding Mortgage 4.625% Bonds, Series NN-1 and Series NN-2 (PEC and PGL - Form 10-Q for the quarter ended March 31, 2003, Exhibit 4(e)); Supplemental Indenture dated as of October 1, 2003, First and Refunding Mortgage Bonds, Series OO (PEC and PGL - Form 10-Q for the quarter ended December 31, 2003, Exhibit 4(a)); PGL Supplemental Indenture dated as of October 1, 2003, First and Refunding Mortgage Bonds, Series PP (PEC and PGL - Form 10-Q for the quarter ended December 31, 2003, Exhibit 4(b)); PGL Supplemental Indenture dated as of November 1, 2003, First and Refunding Mortgage Multi-Modal Bonds, Series QQ (PEC and PGL - Form 10-Q for the quarter ended December 31, 2003, Exhibit 4(c)); PGL Supplemental Indenture dated as of January 1, 2005, First and Refunding Mortgage Bonds, Series RR (PEC and PGL - Form 10-Q for the quarter ended December 31, 2004, Exhibit 4(b)); Loan Agreement between PGL and Illinois Development Finance Authority dated October 1, 2003, Gas Supply Refunding Revenue Bonds, Series 2003C (PEC and PGL - Form 10-Q for the quarter ended December 31, 2003, Exhibit 4(d)); Loan Agreement between PGL and Illinois Development Finance Authority dated October 1, 2003, Gas Supply Refunding Revenue Bonds, Series 2003D (PEC and PGL - Form 10-Q for the quarter ended December 31, 2003, Exhibit 4(e)); Loan Agreement between PGL and Illinois Development Finance Authority dated November 1, 2003, Gas Supply Refunding Revenue Bonds, Series 2003E (PEC and PGL - Form 10-Q for the quarter ended December 31, 2003, Exhibit 4(f)); Loan Agreement between PGL and Illinois Finance Authority dated as of January 1, 2005 (incorporated by reference to Exhibit 4(a) to PEC Form 10-Q filed February 9, 2005); Supplemental Indenture dated as of November 1, 2008, First and Refunding Mortgage 7.00% Bonds, Series SS (incorporated by reference to Exhibit 4.11 to Integrys Energy Group's Form 10-K filed February 26, 2009); Supplemental Indenture dated as of November 1, 2008, First and Refunding Mortgage 8.00% Bonds, Series TT (incorporated by reference to Exhibit 4.11 to Integrys Energy Group's Form 10-K filed February 26, 2009); and Supplemental Indenture dated as of September 1, 2009, First and Refunding Mortgage 4.63% Bonds, Series UU.

4.12 NSG Indenture, dated as of April 1, 1955, from NSG to Continental Bank, National Association, as Trustee; Third Supplemental Indenture, dated as of December 20, 1963 (NSG - File No. 2-35965, Exhibit 4-1); Fourth Supplemental Indenture, dated as of May 1 1964 (NSG - File No. 2-35965, Exhibit 4-1); Fifth Supplemental Indenture dated as of

February 1, 1970 (NSG - File No. 2-35965, Exhibit 4-2); Ninth Supplemental Indenture dated as of December 1, 1987 (NSG - Form 10-K for the fiscal year ended September 30, 1987, Exhibit 4); Thirteenth Supplemental Indenture dated December 1, 1998 (NSG Gas - Form 10-Q for the quarter ended March 31, 1999, Exhibit 4); Fourteenth Supplemental Indenture dated as of April 15, 2003, First Mortgage 4.625% Bonds, Series N-1 and Series N-2 (Incorporated by reference to Exhibit 4(g) to PEC Form 10-Q filed May 13, 2003) and Fifteenth Supplemental Indenture dated as of November 1, 2008, First Mortgage 7.00% Bonds, Series O (incorporated by reference to Exhibit 4.12 to Integrys Energy Group's Form 10-K filed February 26, 2009).

10.1+ Form of Key Executive Employment and Severance Agreement entered into between Integrys Energy Group and each of the following: Phillip M. Mikulsky and Larry L. Weyers. (Incorporated by reference to Exhibit 10.1 to Integrys Energy Group's Form 10-K filed February 25, 2009.)

10.2+ Form of Key Executive Employment and Severance Agreement entered into between Integrys Energy Group and each of the following: Lawrence T. Borgard, Diane L. Ford, Bradley A. Johnson, Thomas P. Meinz, Joseph P. O'Leary, Mark A. Radtke, Charles A. Schrock, and Barth J. Wolf. (Incorporated by reference to Exhibit 10.2 to Integrys Energy Group's Form 10-K filed February 25, 2009.)

10.3+ Form of Integrys Energy Group Performance Stock Right Agreement. (Incorporated by reference to Exhibit 10.2 to Integrys Energy Group's Form 8-K filed December 13, 2005.)

10.4+ Form of Integrys Energy Group 2007 Omnibus Incentive Compensation Plan Performance Stock Right Agreement approved May 17, 2007. (Incorporated by reference to Exhibit 10.5 to Integrys Energy Group's Form 10-K filed February 28, 2008.)

10.5+ Form of Integrys Energy Group 2007 Omnibus Incentive Compensation Plan Performance Stock Right Agreement approved February 14, 2008. (Incorporated by reference to Exhibit 10.6 to Integrys Energy Group's Form 10-K filed February 28, 2008.)

10.6+ Form of Integrys Energy Group 2005 Omnibus Incentive Compensation Plan Restricted Stock Award Agreement. (Incorporated by reference to Exhibit 10.1 to Integrys Energy Group Form 8-K filed December 13, 2006.)

10.7+ Form of Integrys Energy Group 2007 Omnibus Incentive Compensation Plan Restricted Stock Award Agreement approved May 17, 2007. (Incorporated by reference to Exhibit 10.8 to Integrys Energy Group's Form 10-K filed February 28, 2008.)

10.8+ Form of Integrys Energy Group 2007 Omnibus Incentive Compensation Plan Restricted Stock Unit Award Agreement approved February 14, 2008. (Incorporated by reference to Exhibit 10.9 to Integrys Energy Group's Form 10-K filed February 28, 2008.)

10.9+ Form of Integrys Energy Group 2007 Omnibus Incentive Compensation Plan NonQualified Stock Option Agreement approved May 17, 2007. (Incorporated by reference to Exhibit 10.10 to Integrys Energy Group's Form 10-K filed February 28, 2008.)

10.10+ Form of Integrys Energy Group 2007 Omnibus Incentive Compensation Plan NonQualified Stock Option Agreement approved February 14, 2008. (Incorporated by reference to Exhibit 10.11 to Integrys Energy Group's Form 10-K filed February 28, 2008.)

10.11+ Integrys Energy Group 1999 Stock Option Plan. (Incorporated by reference to Exhibit 10-2 in Integrys Energy Group's Form 10-Q for the quarter ended June 30, 1999, filed August 11, 1999.)

10.12+ Integrys Energy Group 1999 Non-Employee Directors Stock Option Plan. (Incorporated by reference to Exhibit 4.2 in Integrys Energy Group's Form S-8, filed December 21, 1999. [Reg. No. 333-93193].)

10.13+ Integrys Energy Group Deferred Compensation Plan as Amended and Restated Effective April 1, 2008. (Incorporated by reference to Exhibit 10.14 to Integrys Energy Group's Form 10-K filed February 28, 2008.)

10.14+ Integrys Energy Group Pension Restoration and Supplemental Retirement Plan, as Amended and Restated Effective April 1, 2008. (Incorporated by reference to Exhibit 10.1 to Integrys Energy Group's Form 8-K filed April 15, 2008.)

10.15+ Integrys Energy Group 2001 Omnibus Incentive Compensation Plan. (Incorporated by reference to Exhibit 10.16 to Integrys Energy Group's Form 10-K for the year ended December 31, 2005, filed February 28, 2006.)

10.16+ Integrys Energy Group 2005 Omnibus Incentive Compensation Plan. (Incorporated by reference to Exhibit 10.2 to Integrys Energy Group's Form 10-Q filed August 4, 2005.)

10.17+ Integrys Energy Group 2007 Omnibus Incentive Compensation Plan. (Incorporated by reference to Exhibit 10.17 to Integrys Energy Group's Form 10-K filed February 28, 2008.)

10.18+ PEC Directors Stock and Option Plan as amended December 4, 2002. (Incorporated by reference to Exhibit 10(g) to PEC Form 10-Q, filed February 11, 2003 [File No. 1-05540].)

10.19+ PEC Directors Deferred Compensation Plan as amended and restated April 7, 2004. (Incorporated by reference to Exhibit 10(a) to PEC Form 10-Q filed August 4, 2005.)

10.20+ PEC Executive Deferred Compensation Plan amended as of December 4, 2002. (Incorporated by reference to Exhibit 10 (c) to PEC Form 10-Q filed February 11, 2003.)

10.21+ PEC 1990 Long-Term Incentive Compensation Plan as amended December 4, 2002. (Incorporated by reference to Exhibit 10(d) to Quarterly Report on Form 10-Q of PEC for the quarterly period ended December 31, 2002, filed February 11, 2003 [File No. 1-05540].)

10.22+ Amended and Restated Trust under PEC Directors Deferred Compensation Plan, Directors Stock and Option Plan, Executive Deferred Compensation Plan and Supplemental Retirement Benefit Plan, dated as of August 13, 2003. (Incorporated by reference to Exhibit 10 (a) to PEC Form 10-K filed December 11, 2003.)

10.23+ Amendment Number One to the Amended and Restated Trust under PEC Directors Deferred Compensation Plan, Directors Stock and Option Plan, Executive Deferred Compensation Plan and Supplemental Retirement Benefit Plan, dated as of July 24, 2006. (Incorporated by reference to Exhibit 10(e) to PEC Form 10-K filed December 14, 2006.)

10.24 Five Year Credit Agreement among Integrys Energy Group, Inc. and the lenders identified herein, Citibank, N.A., Wells Fargo Bank National Association, J P Morgan Chase Bank, N.A., UBS Securities LLC, U.S. Bank National Association, and U.S. Bank National Association and Citigroup Global Markets Inc., dated as of June 2, 2005. (Incorporated by reference to Exhibit 10.1 to Integrys Energy Group's and WPS's Form 10-Q for the quarter ended June 30, 2005, filed August 4, 2005.)

10.25	Five Year Credit Agreement among Integrys Energy Group, Inc., as Borrower, the Lenders Identified Therein, Citibank, N.A., as Syndication Agent, U.S. Bank National Association, Bank of America, N.A., JPMorgan Chase Bank, N.A., as Co-Documentation Agents, Wachovia Bank, National Association, as Agent, and Wachovia Bank, National Association and Citigroup Global Markets Inc, as Co-Lead Arrangers and Book Managers dated as of June 9, 2006. (Incorporated by reference to Exhibit 99.1 to Integrys Energy Group's Form 8-K filed June 15, 2006.)
10.26	Five Year Credit Agreement among Wisconsin Public Service Corporation, as Borrower, The Lenders Identified Herein, U.S. Bank National Association, as Syndication Agent, Wells Fargo Bank National Association, as Co-Documentation Agent, JPMorgan Chase Bank, N.A., as Co-Documentation Agent, UBS Securities LLC, as Co-Documentation Agent, Citibank, N.A., as Administrative Agent and Citigroup Global Markets, Inc. and U.S. Bank National Association, as Co-Lead Arrangers and Book Managers dated as of June 2, 2005. (Incorporated by reference to Exhibit 10.22 to WPS's Form 10-K filed February 28, 2008 [File No. 1-3016].)
10.27	Credit Agreement Dated as of July 12, 2005 among PGL, The Financial Institutions Party Hereto, s Banks, ABN AMRO Bank N.V., as Administrative Agent, JPMorgan Chase Bank, NA, as Syndication Agent, ABN AMRO Incorporated, as Co-Lead Arranger and Joint Bookrunner, and J.P. Morgan Securities Inc., as Co-Lead Arranger and Joint Bookrunner. (Incorporated by reference to Exhibit 10(A) to PEC Form 10-K/A filed December 14, 2005.)
10.28* #	Joint Plant Agreement by and between WPS and Dairyland Power Cooperative, dated as of November 23, 2004. (Incorporated by reference to Exhibit 10.19 to Integrys Energy Group's and WPS's Form 10-K for the year ended December 31, 2004.)
10.29+	Incentive Agreement, dated as of April 2, 2009, between Integrys Energy Group and Mark A. Radtke.**
12	Integrys Energy Group Ratio of Earnings to Fixed Charges.**
21	Subsidiaries of Integrys Energy Group.**
23.1	Consent of Independent Registered Public Accounting Firm for Integrys Energy Group.**
23.2	Consent of Independent Registered Public Accounting Firm for American Transmission Company LLC.**
24	Powers of Attorney.**
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 for Integrys Energy Group.
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934 for Integrys Energy Group.
32	Written Statement of the Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 for Integrys Energy Group.**

99.1 Proxy Statement for Integrys Energy Group's 2010 Annual Meeting of Shareholders filed April 1, 2010. [Except to the extent specifically incorporated by reference, the Proxy Statement for the 2010 Annual Meeting of Shareholders shall not be deemed to be filed with the SEC as part of this Annual Report on Form 10-K.]

99.2 Financial Statements of American Transmission Company LLC.**

* Schedules and exhibits to this document are not filed therewith. The registrant agrees to furnish supplementally a copy of any such schedule or exhibit to the SEC upon request.

\+ A management contract or compensatory plan or arrangement.

\# Portions of this exhibit have been redacted and are subject to a confidential treatment request filed with the Secretary of SEC pursuant to Rule 24b-2 under the Securities and Exchange Act of 1934, as amended. The redacted material was filed separately with the SEC.

** Previously filed.

CONFIDENTIAL TREATMENT REQUESTED FOR PORTIONS OF THIS DOCUMENT. PORTIONS FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED ARE DENOTED BY [CONFIDENTIAL TREATMENT REQUESTED]. MATERIAL OMITTED HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

PURCHASE AND SALE AGREEMENT

BETWEEN AND AMONG

INTEGRYS ENERGY SERVICES, INC.,

as Seller,

AND

MACQUARIE COOK POWER INC.,

as Purchaser

DATED AS OF DECEMBER 23, 2009

CONFIDENTIAL TREATMENT REQUESTED FOR PORTIONS OF THIS DOCUMENT. PORTIONS FOR WHICH CONFIDENTIAL TREATMENT IS REQUESTED ARE DENOTED BY [CONFIDENTIAL TREATMENT REQUESTED]. MATERIAL OMITTED HAS BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement, dated December 23, 2009, is entered into between Integrys Energy Services, Inc., a Wisconsin corporation (the "Seller"), and Macquarie Cook Power Inc., a Delaware corporation (the "Purchaser"). Integrys Energy Group, Inc., a Wisconsin corporation ("IEG"), joins herein solely for purposes of manifesting its agreement with the terms and conditions set forth in Section 2.13, Section 7.9, and Section 10.11.

RECITALS

WHEREAS, the Seller, through the use of the Transferred Assets, is engaged in a commodities trading and marketing business involved in the wholesale electricity market in the United States (such use of the Transferred Assets, considered as a whole, the "Business");

WHEREAS, in the course of the Business, the Seller has negotiated and managed the Trading Contracts, has received certain benefits and performed certain obligations under the Transferred Contracts, has entered into the Exchange Traded Transactions and owns the Other Assets;

WHEREAS, the Seller desires to sell to the Purchaser all of the Seller's rights and obligations under the Transferred Assets, and the Purchaser desires to assume all of the Seller's rights and obligations under the Transferred Assets, in each case, upon the terms and subject to the conditions contained in this Agreement;

WHEREAS, in connection with the consummation of the Contemplated Transactions, the Parties intend to enter into the Related Agreements on or prior to the Closing Date; and

WHEREAS, on the Mirror Effective Date, the Seller and the Purchaser will enter into the Mirror Transactions (documented pursuant to the Mirror Confirms), pursuant to which only the economic benefits of and risks under each of the Trading Contracts will be borne by the Purchaser from and after the Mirror Effective Date.

NOW, THEREFORE, the Parties, in consideration of the mutual promises contained herein and intending to be legally bound, agree as follows:

ARTICLE I
DEFINITIONS AND USAGE

Section 1.1 Definitions. For purposes of this Agreement, the following terms and variations thereof have the meanings specified or referred to in this Section 1.1:

"Affiliate" means, with respect to any Person, any Person directly or indirectly controlling, controlled by, or under common control with, such other Person as of the date on

which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of shares or by contract or otherwise.

"Agreement" means this Purchase and Sale Agreement, as the same may be amended, restated, modified or supplemented from time to time in accordance with its terms, and the Exhibits and Schedules hereto.

"Assignment and Assumption Agreement, means the Assignment and Assumption Agreement substantially in the form attached hereto as Exhibit A.

"Assumed Liabilities" means collectively:

(i) all Liabilities relating to or arising out of any of the Trading Contracts on or after the Novation Date with respect to any such Trading Contracts, as the case may be;

(ii) all Liabilities relating to or arising out of any of the Transferred Contracts (other than the ISO Contracts) on or after the Transfer Date with respect to any such Transferred Contracts, as the case may be;

(iii) all Liabilities relating to or arising out of any of the Other Assets on or after the Transfer Date with respect to any such Other Assets, as the case may be;

(iv) all Liabilities relating to or arising out of any of the Exchange Traded Transactions on or after the Mirror Effective Date with respect to any such Exchange Traded Transactions, as the case may be; and

(v) all Liabilities relating to or arising out of any of the ISO Contracts on or after the Mirror Effective Date with respect to any such ISO Contracts, as the case may be, which for avoidance of doubt does not include any liability resulting from adjustments or resettlement with respect to such ISO Contracts for any period before the Mirror Effective Date.

"Bangor Agreement" means the Entitlement Agreement between Bangor-Hydro Electric Company and Seller, dated January 12, 2009.

"Bangor Financial Trade Agreement" means the financially-settled transaction transferring certain economic risks of the Bangor Agreement, to be entered into between the Seller and Purchaser on the Mirror Effective Date and confirmed via a confirmation substantially in the form attached hereto as Exhibit C-1, under an ISDA Master Agreement, as such confirmation may be amended, restated, modified or supplemented from time to time in accordance with its terms.

"Bangor Supply Trade Agreement" means the Bangor Supply Trade Agreement, substantially in the form attached hereto as Exhibit C-2, to be entered into between the Purchaser and the Seller on the Effective Date, and confirmed under the MCP-IES ISDA Master Agreement, as such confirmation may be amended, restated, modified or supplemented from time to time in accordance with its terms.

"Bill of Sale" means the Bill of Sale substantially in the form attached hereto as Exhibit B.

"Business" has the meaning provided in the recitals of this Agreement. For purposes of this Agreement, however, Business excludes any and all business conducted by the Seller through the use of any and all Excluded Assets.

"Business Day" means a day other than Saturday, Sunday and any day on which banks located in New York City are authorized or obligated by law or executive order to close.

"Cash" means all cash and cash equivalents computed in accordance with US GAAP or, as applied to Purchaser, in accordance with internationally accepted accounting principles.

"Chosen Courts" has the meaning provided in Section 10.5

"Closing" has the meaning provided in Section 2.4.

"Closing Date" has the meaning provided in Section 2.4.

"Code" means the Internal Revenue Code of 1986, as amended.

"Confidential Information" is defined in the Confidentiality Agreement and includes this Agreement (including the Schedules and Exhibits) and the Ancillary Agreements.

"Confidentiality Agreement" means the First Amended and Restated Confidentiality Agreement by and among IEG, and its subsidiaries, and Purchaser, and its affiliates, dated July 28, 2009, as the same may be amended, restated, modified or supplemented from time to time in accordance with its terms.

"Consent" means any approval, consent, ratification, filing, waiver or other authorization.

"Contemplated Transactions" means all of the transactions contemplated to be consummated under this Agreement and the Related Agreements.

"Contract" means any contract, lease, license, evidence of Indebtedness, mortgage, indenture, security agreement or other commitment, undertaking or agreement (whether written or oral) that is legally binding.

"Counterpart Trading Contract" means each Trading Contract that relates to the Business and not to any other business of the Seller or its Affiliates.

"Counterparty" means a counterparty with respect to a Trading Contract.

"Damages" means, with respect to any Indemnified Party, any and all losses, Liabilities, claims, obligations, penalties, actions, judgments, suits, Proceedings, damages or Taxes of any kind or nature whatsoever actually suffered or incurred by such Indemnified Party after Closing (together with all reasonably incurred cash disbursements, costs and expenses, including costs of investigation, defense and appeal and reasonable attorneys' fees and expenses), whether or not involving a Third-Party Claim but not, for the avoidance of doubt, including any diminution of value of the Transferred Assets; provided, however, that the foregoing limitation shall not limit in any manner the determination or quantification of Damages arising out of or relating to any Misbooking. In no event shall Damages include Non-Reimbursable Damages.

"Defaulting Party" means, with respect to any termination of this Agreement, (i) the Party whose breach, default or other action gives rise to a termination right of the other Party pursuant to Section 8.1(c), (ii) the Party that suffers the occurrence of an Insolvency Event, or (iii) the Party whose obligations are guaranteed by a Person that suffers an Insolvency Event.

"Draft Allocation" has the meaning provided in Section 10.3(b).

"EEI" means the Edison Electric Institute.

"EEI Master Agreement" means the Master Power Purchase and Sale Agreement published by the EEI, together with the cover sheet, any annexes and confirmations thereto, as amended from time to time.

"Effective Date" means (i) if the Closing Date is the last day of a calendar month, the Closing Date, and (ii) if the Closing Date is not the last day of a calendar month, the last day of the calendar month in which the Closing Date occurs.

"Electricity" has the meaning provided in Section 2.16.

"Encumbrance" means any lien, option, pledge, charge, security interest, mortgage, easement, or similar restriction or limitation.

"ERCOT" means the Electric Reliability Council of Texas.

"Exchange Request" has the meaning provided in Section 2.9(a).

"Exchange Traded Transactions" means the trades listed in Schedule 2.1(a)(iv).

"Excluded Assets" means any assets of the Seller or its Affiliates of any kind other than the Transferred Assets, including those assets identified on Schedule 1.1(c).

"Excluded Liabilities" means all Liabilities of the Seller and its Affiliates other than the Assumed Liabilities.

"Excluded Transactions" means those Trading Contracts that the Purchaser does not acquire in connection with the Contemplated Transactions.

"FCM" has the meaning provided in Section 2.9(a).

"FERC" means the Federal Energy Regulatory Commission or any successor Governmental Body.

"Final Allocation" has the meaning provided in Section 10.3(b).

"Final Purchase Price Adjustment" means the adjustment (positive or negative) to the Initial Purchase Price set forth in Schedule 2.2(c) calculated as of February 3, 2010.

"Financial Assurances" means guarantees, letters of credit, comfort letters, "keep whole" agreements, bonds or other financial security arrangements or other credit support arrangements (including for the provision and maintenance of Cash collateral) of any type or kind whatsoever, whether or not accrued, absolute, contingent or otherwise.

"Governing Documents" means, with respect to any particular entity, (a) if a corporation or a limited company, the articles or certificate of incorporation and the articles of association or bylaws; (b) if a general partnership, the partnership agreement and any statement of partnership; (c) if a limited partnership, the limited partnership agreement and the certificate of limited partnership; and (d) if a limited liability company, the certificate of formation and limited liability company agreement.

"Governmental Authorization" means any consent, license, permit, certificate, clearance or other authorization or approval issued, granted, given or otherwise made available by or under the authority of any Governmental Body.

"Governmental Body" means any federal, state, local, municipal, or other governmental or quasi-governmental authority or self-regulatory organization of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers) or exercising, or entitled to exercise, any administrative, executive, judicial, legislative, enforcement, regulatory or taxing authority or power.

"Guarantee Agreements" means, collectively, the Purchaser Guarantee Agreement and the Seller Guarantee Agreement.

"ICE" means the Intercontinental Exchange.

"Identified Transactions" has the meaning provided in Section 2.13.

"IEG" has the meaning provided in the preamble of this Agreement.

"Indebtedness" means, with respect to any Person, any obligations of such Person (a) for borrowed money, (b) evidenced by notes, bonds, debentures or similar instruments, (c) for the deferred purchase price of goods or services (other than payables or accruals incurred in the Ordinary Course of Business, including in connection with any trades, hedges or other transactions entered into in connection with the Business), (d) under capital leases and (e) in the nature of Financial Assurances of the obligations described in clauses (a) through (d) above of any other Person; provided, that "Indebtedness" shall not include any Cash collateral or any obligation under any credit support agreement to return any posted collateral (including Cash collateral) in each case relating to any Trading Contracts.

"Indemnified Party" has the meaning provided in Section 9.4(a).

"Indemnifying Party" has the meaning provided in Section 9.4(a).

"Initial Purchase Price" means $138,350,000.00.

"Insolvency Event" means, with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it (i.e., an involuntary proceeding) that is not dismissed within thirty (30) calendar days; (ii) makes an assignment or any general arrangement for the benefit of creditors; (iii) otherwise becomes bankrupt or insolvent (however evidenced); (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or (v) is generally unable to pay its debts as they fall due.

"Interbook Matching Trade" has the meaning provided in Section 2.8(f)(ii).

"Interbook Trades" means, subject to Section 7.1(b), any intracompany transactions or transactions between Seller and any Affiliates of Seller which are listed in Schedule 2.1(a)(ii)(C).

"Initial Purchase Price Adjustment" means the adjustment (positive or negative) to the Initial Purchase Price set forth in Schedule 2.2(b) and calculated as of January 29, 2010.

"ISDA" means the International Swaps and Derivatives Association, Inc.

"ISDA Master Agreement" means the 2002 master commodity trading agreement in the form promulgated by the ISDA, together with any schedules, annexes and confirmations thereto, as amended from time to time

"ISO Contracts" means those Contracts identified on Schedule 2.1(a)(v).

"ISO Request" has the meaning provided in Section 2.11(a).

"Knowledge" means (i) with respect to the Seller, the actual knowledge (as opposed to any constructive or imputed knowledge) of the individuals listed on Schedule 1.1(a) and (ii) with respect to Purchaser, the actual knowledge (as opposed to any constructive or imputed knowledge) of the individuals listed on Schedule 1.1(b); provided, however, that, notwithstanding the foregoing, a Person identified in Schedule 1.1(a) or Schedule 1.1(b) charged with responsibility for the aspect of the business relevant or related to the matter at issue shall be deemed to have actual knowledge of a particular matter if, in the prudent and reasonable exercise of his or her duties and responsibilities in the Ordinary Course of Business, such Person should have reasonably known of such matter.

"Law" means any binding laws, statutes, treaties, rules, regulations, ordinances, judgments, decrees, principles of common law, codes, Orders and other pronouncements having the effect of law of any Governmental Body, including all Governmental Authorizations.

"Letter of Credit" means an irrevocable, transferable, standby letter of credit, in form and substance reasonably acceptable to Purchaser, issued by (a) a major U.S. commercial bank or the U.S. branch office of a major foreign bank assigned, in either case, a Credit Rating of at least (i) "A-" by S&P and "A3" by Moody's, if such entity is rated by both S&P and Moody's or (ii) "A-" by S&P or "A3" by Moody's, if such entity is rated by either S&P or Moody's but not both, or (b) any other entity as may be acceptable to Purchaser in its discretion.

"Liability" means, with respect to any Person, any and all Indebtedness, liabilities and other obligations of any kind or nature of such Person, whether fixed, contingent or absolute, matured or unmatured or accrued or unaccrued, including those arising under any Contract, agreement, arrangement, commitment or undertaking.

"Loss" or "Losses" means losses, Liabilities, Damages, obligations, payments, costs, and expenses, including the costs and expenses of any and all related actions, suits, Proceedings, assessments, judgments, settlements, and compromises and all related reasonable attorneys' fees and reasonable disbursements.

"Material Adverse Effect" means any effect, change, occurrence, development, condition or event that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect (financial or otherwise) on the Business or the Transferred Assets, taken as a whole; provided, however, that the following shall not be considered when determining

whether a Material Adverse Effect has occurred: any effect resulting from (a) any change in economic conditions generally or in the industry or geographic areas in which the Business is conducted or otherwise operated; (b) any change in currency rates; (c) any continuation of an adverse trend or condition; (d) any change in any Laws or accounting rules applicable to the Business or the Transferred Assets; (e) any change resulting from changes in the international, national, regional or local wholesale or retail power markets; (f) any changes, circumstances or effects directly attributable to the announcement or pendency of the Contemplated Transactions, or resulting from or relating to compliance with the terms of, or the taking of any action required by, this Agreement; (g) the commencement, occurrence or intensification of any war, sabotage or armed hostilities; (h) acts of terrorism; (i) any failure by the Seller to meet internal or published projections, forecasts or revenue or earnings predictions with respect to the Business; (j) any materially adverse change in the Business or the Transferred Assets which is cured (including by payment of money) before the Closing Date; (k) the performance of or compliance with any of the terms and conditions of this Agreement; (l) any matter disclosed in this Agreement, or any Schedule or Exhibit hereto; or (m) any actions taken at the request of Purchaser.

"MCP-IES ISDA Master Agreement" means the ISDA Master Agreement, and the related schedules thereto, dated as of October 7, 2009, between the Purchaser and the Seller.

"Mirror Confirm" means the confirmation and associated ISDA Master Agreement, with terms and conditions substantially similar to the terms contained in Exhibit D attached hereto, to be entered into between the Purchaser and the Seller on Mirror Effective Date and, if the Purchaser exercises its rights pursuant to Section 2.12, the date on which the Mirror Confirm is novated to the Purchaser in accordance with the requirements of Section 2.12.

"Mirror Effective Date" means January 29, 2010, as may be amended from time to time; provided, however, that in the case of Exchange Traded Transactions, Mirror Effective Date means either (i) such date or (ii) if such date is not a day on which the Relevant Exchange is open for trading, the next day on which the Relevant Exchange is open for trading.

"Mirror Transaction" the transaction pursuant to the Mirror Confirm effective as of the Mirror Effective Date.

"Misbooked Trading Contract" has the meaning provided in Section 2.6.

"Misbooking" means, with regard to any Trading Contract prior to the Novation Date with respect thereto, (i) any discrepancy between (A) the terms set forth on Schedule 1 to the Mirror Confirm (including the terms of any "New Transaction" (as defined in the Mirror Confirm) deemed to be added to Schedule 1 in accordance with "Portfolio Additions" in the Mirror Confirm) and (B) the actual terms and conditions of such Trading Contract, which discrepancy can be reasonably substantiated, and (ii) any Trading Contract identified on Schedule 2.1(a)(ii)(B) (Trading Contracts) for which the Seller cannot, prior to the Effective Date, provide the Purchaser with written documentation confirming or evidencing the

Counterparty's assent to the material terms of such Trading Contract, which assent may be confirmed or evidenced by, among other things, the Counterparty executing a Novation Agreement any time prior to the Effective Date.

"Misbooking Trigger Date" has the meaning provided in Section 8.1(e).

"Moody's" means Moody's Investor Services, Inc. or its successor.

"Non-Defaulting Party" means, with respect to any termination of this Agreement, the Party that is not the Defaulting Party.

"Non-Reimbursable Damages" has the meaning provided in Section 9.7(c).

"Novation Agreement" means a novation agreement substantially in the form attached hereto as Exhibit E.

"Novation Condition" has the meaning provided in Section 2.8(b)(ii).

"Novation Date" has the meaning provided in Section 2.8(d).

"NYMEX" means the New York Mercantile Exchange, Inc.

"Order" means any order, writ, injunction, judgment, decree, ruling, assessment or arbitration award of any Governmental Body or arbitrator (in each case whether preliminary or final).

"Ordinary Course of Business" means the conduct of the business of a Person in accordance with such Person's normal day-to-day customs, practices and procedures consistent with past practice and which is commercially reasonable in light of the circumstances.

"Other Assets" means those assets that are identified on Schedule 2.1(a)(iii).

"Party" means each of the Seller and the Purchaser and, solely for purposes of Section 2.13, 7.9 and 10.11, IEG.

"Permitted Encumbrance" means those Encumbrances identified in Schedule 3.6.

"Person" means any natural person, corporation, general partnership, limited partnership, limited liability company, joint venture, trust, union, proprietorship, Governmental Body or other entity, association or organization of any nature, however and wherever organized or constituted (whether or not having a separate legal personality).

"Post-Mirror Trade" has the meaning assigned in Section 2.10(b).

"PPL Financial Trade Agreement" means the PPL Financial Trade Agreement, substantially in the form attached hereto as Exhibit I, to be entered into between the Purchaser and the Seller on Mirror Effective Date and confirmed under an ISDA Master Agreement, as such confirmation may be amended, restated, modified or supplemented from time to time in accordance with its terms.

"Pre-Closing Guidelines" means those guidelines enumerated in Schedule 7.1(b).

"Proceeding" means any action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether public or private) commenced, brought, conducted or heard by or before any Governmental Body or arbitrator.

"Purchaser" has the meaning provided in the preamble of this Agreement.

"Purchaser Guarantee Agreement" means the Guarantee Agreement, substantially in the form attached hereto as Exhibit F, entered into between Purchaser Parent, as guarantor thereunder, and the Seller, as beneficiary thereunder, dated as of the date hereof, as the same may be amended, restated, modified or supplemented from time to time in accordance with its terms, guaranteeing the obligations of Purchaser under this Agreement and the Mirror Confirm.

"Purchaser Group" has the meaning provided in Section 9.2.

"Purchaser Key Employees" mean employees of the Purchaser and any Affiliate of Purchaser that uses the term "Macquarie" in its name, in each case, performing services in or for the Energy Markets Division of the Fixed Income, Currencies & Commodities Group of the Purchaser, in each case, with the position and title of Associate Director, Managing Director, Division Director or Executive Director.

"Purchaser Parent" means Macquarie Bank Limited.

"Purchase Price" means the Initial Purchase Price, as initially adjusted by the Initial Purchase Price Adjustment and then finally adjusted by the Final Purchase Price Adjustment

"Purchaser Required Consents" means the Consents and Governmental Authorizations that are required to be obtained and are listed in Schedule 4.5.

"Related Agreements" means, collectively, the Assignment and Assumption Agreement, the Bill of Sale, the Guarantee Agreements, the Supply Trade Agreements, the Mirror Confirm, and the Novation Agreements.

"Related Purchaser Parties" means each Affiliate of Purchaser that is a party to this Agreement or any Related Agreement.

"Related Seller Parties" means each Affiliate of Seller that is a party to this Agreement or any Related Agreement.

"Relevant Exchange" means the NYMEX or ICE, as applicable.

"Relevant ISO" means the PJM Interconnection, the Midwest ISO, the New York ISO, ISO New England, ERCOT, or the California ISO, as applicable.

"Representative" means, with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor, accountant, financial advisor, legal counsel or other representative of that Person.

"Required Consents" means the Purchaser Required Consents and the Seller Required Consents.

"Restricted Business" has the meaning provided in Section 7.9(a).

"Restricted Period" has the meaning provided in Section 7.9(a).

"S&P" means the Standard & Poor's Rating Group (a division of McGraw Hill, Inc.) or its successor.

"Schedules" means, with respect to Seller or Purchaser, the schedules delivered by Seller or Purchaser, as the case may be, pursuant to Article III or Article IV, respectively.

"Seller" has the meaning provided in the preamble of this Agreement.

"Seller Guarantee Agreement" means the Guarantee Agreement, substantially in the form attached hereto as Exhibit G, entered into between IEG, as guarantor thereunder, and the Purchaser, as beneficiary thereunder, and to be delivered and enforceable as of the Mirror Effective Date, as the same may be amended, restated, modified or supplemented from time to time in accordance with its terms, guaranteeing the obligations of Seller under this Agreement.

"Seller Group" has the meaning provided in Section 9.3.

"Seller Required Consents" means the Consents and Governmental Authorizations that are required to be obtained and are listed in Schedule 3.5.

"Subsidiary" means any Person (i) whose securities or other ownership interests having by their terms the power to elect a majority of the board of directors or other persons performing similar functions, are owned or controlled, directly or indirectly, by the Seller and/or one or more Subsidiaries, or (ii) whose business and policies the Seller and/or one or more Subsidiaries have the power to direct.

"Substitute Exchange Traded Transaction" has the meaning provided in Section 2.9(b).

"Successor Liability Taxes" means any Taxes imposed on the Seller or any entity that has ever been a member of the Seller's consolidated group in respect of the Transferred Assets and the Business for a period or portion thereof ending on or before the Closing Date, and for which Purchaser may become liable by operation of Law, by assessment, or pursuant to the terms of an agreement entered into by the Seller as a result of being treated as a transferee of or successor to the Seller due to the transfer of the Transferred Assets and the Business pursuant to this Agreement.

"Supply Trade Agreements" means, collectively, the Bangor Financial Trade Agreement, the Bangor Supply Trade Agreement and the PPL Financial Trade Agreement.

"Tax" means (a) any income, gross receipts, license, payroll, employment, excise, capital gains or corporation tax on capital gains, severance, stamp, stamp duty reserve tax, occupation, premium, property, environmental, windfall profit, customs, capital stock, franchise, employees' income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, documentary, value added, alternative, add on minimum and other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any Governmental Body, (b) any liability for the payment of any amounts of the type described in the immediately preceding clause as a result of being (or ceasing to be) a member of an affiliated, consolidated, combined, unitary or aggregate group, under Treasury Regulation Section 1.1502-6 or any analogous or similar provision of state, local or foreign Law, or being included (or required to be included) in any Tax Return related thereto, and (c) all liabilities for the payment of amounts of the type described in clauses (a) or (b) as a result of being a transferee of or successor to any Person, by contract or otherwise.

"Tax Laws" means any Law of any Governmental Body relating to any Tax.

"Tax Return" means any return (including any information return), report, statement, schedule, notice, form, declaration, or claim for refund (including any amended return, report, statement, schedule, notice, form, declaration, or claim for refund) filed with or submitted to, or required to be filed with or submitted to, any Governmental Body with respect to Taxes.

"Termination Fee" means a fee payable pursuant to Section 8.2 in the amount of ten million dollars ($10,000,000.00).

"Third Party" means a Person other than the Seller or the Purchaser or any of their respective Affiliates.

"Third-Party Claim" has the meaning provided in Section 9.4(b).

"Trading Contracts" means, subject to Sections 2.6 and 7.1(b), those transactions and/or master trading agreements evidenced by written Contracts (i.e., not including any oral agreement or other undocumented transaction), including any Interbook Trades (whether or not documented on agreement such as the ISDA Master Agreement, WSPP Master Agreement, or EEI Master Agreement), to which the Seller is a party and that are identified on Schedule 2.1(a)(ii)(A) (Master Agreements), Schedule 2.1(a)(ii)(B) (Trading Contracts), and Schedule 2.1(a)(ii)(C) (Interbook Trades); provided, however, that, notwithstanding anything else to the contrary herein, "Trading Contract" shall for all purposes hereunder only refer to the rights and Liabilities under such Contracts to the extent relating to or constituting a Counterpart Trading Contract and not to any other rights or Liabilities under such Contracts.

[CONFIDENTIAL TREATMENT REQUESTED].

"Transfer Condition" means, collectively:

(i) the receipt of all Governmental Authorizations and all Consents (including any required Third Party consent) necessary to permit the transfer or conveyance of such Transferred Assets to the Purchaser; and

(ii) the applicable Third Party having (x) released the Seller and IEG from any and all obligations and Liabilities under such Transferred Contract or Other Asset and (y) released or agreed in writing, with the Seller and IEG as third party beneficiaries, to release within a reasonable period of time after the execution of such release the Seller and IEG from any and all obligations and Liabilities under any Financial Assurances related to such Transferred Contract and Other Asset, including the return by the applicable Third Party of any collateral held by such Third Party to the Seller or IEG.

"Transfer Date" means, with respect to any Transferred Contract or Other Asset, the later of (i) the last day of the calendar month in which the Transfer Condition has been satisfied and (ii) the Effective Date.

"Transfer Taxes" has the meaning provided in Section 10.3(a).

"Transferred Assets" means the Transferred Contracts, the Trading Contracts, the Exchange Traded Transactions, and the Other Assets, in each case, sold by the Seller to the Purchaser in accordance with, and subject to, the terms and conditions of, this Agreement.

"Transferred Contracts" means, subject to Section 7.1(b), those written Contracts (i.e., not including any oral agreement or other undocumented transaction) that are used by or in support of the Business and that are identified on Schedule 2.1(a)(i) (Transferred Contracts), including any ISO Contracts, but excluding any Trading Contracts.

"US GAAP" means US generally accepted accounting principles in effect from time to time.

"US" or "United States" means the United States of America.

"WSPP" means the Western Systems Power Pool.

"WSPP Master Agreement" means the Western Systems Power Pool Agreement, as such agreement may be amended by the WSPP from time-to-time, including any Master Confirmation Agreement (as defined in the WSPP Agreement) or other modifications made by the parties thereto.

Section 1.2 Rules of Construction and Usage, and Other Definitional and Interpretive Matters.

(a) Interpretation. In this Agreement, unless a clear contrary intention appears:

(i) *Singular.* The singular number includes the plural number and vice versa.

(ii) *Successors.* Reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually.

(iii) *Gender and Number.* Any reference in this Agreement to gender includes all genders, and the meaning of defined terms applies to both the singular and the plural of those terms.

(iv) *Agreements as Amended.* Reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof.

(v) *Laws as Amended.* Reference to any Law means such Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Law means that provision of such Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision, in each case except to the extent that this would increase or alter the Liability of the Seller under this Agreement.

(vi) *Hereunder and Similar Words.* "Hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof.

(vii) *Headings.* The division of this Agreement into Articles, Sections, and other subdivisions and the insertion of headings are for convenience of reference only and do not affect, and will not be utilized in construing or interpreting, this Agreement.

(viii) *Section and Articles.* All references in this Agreement to a particular "Section" or "Articles" refers to the corresponding Section or Article of this Agreement unless otherwise specified.

(ix) *Dollars.* Any reference in this Agreement to "dollars" or "$" means US dollars.

(x) *Calculation of Time Period.* With respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding." If the last day of any time period is a non-Business Day, the time period will be extended to the next Business Day. Unless otherwise specified, all times are New York City time.

(xi) *Exhibits and Schedules.* Unless otherwise expressly indicated, any reference in this Agreement to an "Exhibit" or a "Schedule" refers to an Exhibit or Schedule to this Agreement. The Exhibits and Schedules to this Agreement are incorporated and made a part of this Agreement as if set forth in full in this Agreement and are an integral part of this Agreement. Capitalized terms used but not otherwise defined in a Schedule or Exhibit have the meanings set forth in this Agreement.

(xii) *Including.* The word "including" or any variation thereof means "including without limitation" and does not limit any general statement that it follows to the specific or similar items or matters immediately following it.

(b) Equal Drafting. All Parties acknowledge that it and its attorneys have been given an equal opportunity to negotiate the terms and conditions of this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party or any similar rule operating against the drafter of an agreement shall not be applicable to the construction or interpretation of this Agreement.

(c) Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with US GAAP, consistently applied or, with respect to Purchaser and its Affiliates, in accordance with internationally accepted accounting principles.

(d) Ejusdem Generis. General words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words.

ARTICLE II
SALE OF THE TRANSFERRED CONTRACTS AND TRADING AGREEMENTS; CLOSING

Section 2.1 Purchase and Sale of Transferred Contracts, Trading Contracts and Other Assets.

(a) Subject to the satisfaction or waiver of the conditions precedent set forth in Article V and Article VI, upon the terms and subject to the conditions set forth in this Agreement:

(i) **Transferred Contracts:** Subject to Section 2.7, the Seller agrees to sell to the Purchaser, free and clear of all Encumbrances (except Permitted Encumbrances), and the Purchaser agrees to purchase from the Seller, all of the rights, title and interests of the Seller in, and assume all of the Liabilities of the Seller under, each of the Transferred Contracts (other than the ISO Contracts), in each case, with effect from 11:59 p.m. New York City time on the Transfer Date with respect to each of such Transferred Contracts;

(ii) **Trading Contracts:** Subject to Section 2.8, the Seller agrees to sell to the Purchaser, free and clear of all Encumbrances (except Permitted Encumbrances), and the Purchaser agrees to purchase from the Seller, by way of novation, all of the rights, title and interests of the Seller in, and assume all of the Liabilities of the Seller under, each of the Trading Contracts, in each case, with effect from 11:59 p.m. New York City time on the Novation Date with respect to each of such Trading Contract;

(iii) **Other Assets:** The Seller agrees to sell to the Purchaser, free and clear of all Encumbrances (except Permitted Encumbrances), and the Purchaser agrees to purchase from the Seller, all of the rights, title and interests of the Seller in and to each of the Other Assets, with effect from 11:59 p.m. New York City time on the Transfer Date with respect to each of such Other Assets;

(iv) **Exchange Traded Transactions:** Subject to Section 2.9, the Seller agrees to sell to the Purchaser, free and clear of all Encumbrances (except Permitted Encumbrances), and the Purchaser agrees to purchase from the Seller, by way of novation, all of the rights, title and interests of the Seller in and to the Exchange Traded Transactions, with effect from 11:59 p.m. New York City time on the Mirror Effective Date; and

(v) **ISO Contracts:** Subject to Section 2.11, the Seller agrees to sell the Purchaser, free and clear of all Encumbrances (except Permitted Encumbrances), and the Purchaser agrees to purchase from the Seller, all of the rights, title and interest of the Seller in, and assume all the Liabilities of the Seller under, each of the ISO Contracts, with effect from 11:59 p.m. on the Mirror Effective Date.

(b) At all times, the Seller and its Affiliates shall retain all of their existing rights, title and interests in and to the Excluded Assets, and the Purchaser shall have no rights to the Excluded Assets.

Section 2.2 Payment of Purchase Price.

(a) **Payment on the Mirror Effective Date**. On the terms and subject to the terms and conditions hereof and in consideration of the Contemplated Transactions, on the Mirror Effective Date, the Purchaser shall pay to the Seller the Initial Purchase Price, plus Initial Purchase Price Adjustment; provided, that any amount due pursuant to this Section 2.2 shall be payable on a net basis with respect to any other amounts due under the Mirror Confirm or under the PPL Financial Trade Agreement, in each case on Mirror Effective Date. Such amount shall be delivered by wire transfer in immediately available funds to the account or accounts designated by Seller.

(b) **Payment on February 3, 2010**. On the terms and subject to the terms and conditions hereof and in consideration of the Contemplated Transactions, on February 3, 2010, the Final Purchase Price Adjustment shall be paid (i) if positive, by the Purchaser to the Seller, or (ii) if negative, by the Seller to the Purchaser. Such amount shall be delivered by wire transfer in immediately available funds to the account or accounts designated by Purchaser or Seller, as the case may be; provided, however, that should the Parties not agree on the amount of the Final Purchase Price Adjustment, the undisputed amount of such adjustment shall be paid by the February 3, 2010 deadline by the Purchaser or Seller (as the case may be), and thereafter the Parties shall use commercially reasonable efforts to resolve promptly their disagreement about the amount of the Final Purchase Price Adjustment in accordance with the dispute resolution process set forth in Schedule 2.2(c).

Section 2.3 Assumed Liabilities; Excluded Liabilities.

(a) In consideration of the transactions contemplated by Section 2.1(a), the Purchaser shall perform, discharge and satisfy, as and when due, all of the Assumed Liabilities from and after (i) with respect to any Transferred Contract (other than the ISO Contracts) or Other Asset, the Transfer Date with respect to such Transferred Contract (other than the ISO Contracts) and Other Asset, (ii) with respect to any Trading Contract, the Novation Date with respect to such Trading Contract, (iii) with respect to any Exchange Traded Transaction, the Mirror Effective Date; and (iv) with respect to the ISO Contracts, the Mirror Effective Date.

(b) At all times, the Seller and its Affiliates shall retain and be responsible for all Excluded Liabilities, and the Purchaser shall not have any Liability with respect to the Excluded Liabilities, the Excluded Assets and the Excluded Transactions.

Section 2.4 Closing. The consummation of the Contemplated Transactions (the "Closing") shall take place at the offices of Foley & Lardner LLP, 321 North Clark Street, Suite

2800, Chicago, IL 60654-5313 (or such other place as the Parties may agree), three (3) Business Days following the satisfaction or waiver of the conditions set forth in Articles V and VI (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) or at such other place, time and date as the Parties may agree (the "Closing Date"). For the avoidance of doubt, certain components of the Contemplated Transactions will be undertaken prior to the Closing Date as required hereby.

Section 2.5 Closing Obligations. In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing:

(a) **Seller's Deliveries**. The Seller shall deliver or cause to be delivered to the Purchaser:

(i) the Novation Agreements for each of the Trading Contracts for which the Novation Condition has been satisfied, duly executed by Seller;

(ii) the Assignment and Assumption Agreement, duly executed by Seller;

(iii) the Bill of Sale, duly executed by Seller;

(iv) evidence of the filing with respect to and/or receipt of all the Seller Required Consents;

(v) a duly executed certification pursuant to Treasury Regulation Section 1.1445-2(b)(2) that the Seller is not a foreign Person within the meaning set forth in Section 1445(f)(3) of the Code;

(vi) a certificate duly executed by the Seller, dated as of the Closing Date, in accordance with Section 5.1(f);

(vii) all consents, waivers or approvals obtained by Seller from Third Parties in connection with this Agreement;

(viii) terminations or releases of Encumbrances on the Transferred Assets that are not Permitted Encumbrances;

(ix) a certificate of status with respect to the Seller (dated as of a recent date), issued by the Wisconsin Department of Financial Institutions;

(x) a copy, certified by an authorized officer of the Seller, of the resolutions authorizing the execution and delivery of this Agreement and the Related Agreements and instruments attached as exhibits to this Agreement and to the Related Agreements, and the consummation of the Contemplated Transactions, together with a certificate

by the Secretary of the Seller as to the incumbency of those officers authorized to execute and deliver this Agreement and the Related Agreements; and

(xi) such other customary instruments of transfer, assumptions, filings or documents, in form and substance reasonably satisfactory to the Purchaser, as may be required to give effect to the Contemplated Transactions.

(b) **Purchaser's Deliveries**. The Purchaser shall deliver to the Seller:

(i) the Novation Agreements for each of the Trading Contracts for which the Novation Condition has been satisfied, duly executed by Purchaser;

(ii) the Assignment and Assumption Agreement, duly executed by Purchaser;

(iii) the Bill of Sale, duly executed by Purchaser;

(iv) evidence of the filing with respect to and/or receipt of all the Purchaser Required Consents;

(v) the releases of Financial Assurances with respect to any Trading Contracts, or the agreement of the Counterparty to do so, in either case obtained on or prior to the Closing Date pursuant to Section 2.8(b)(ii) and, to the extent applicable, for any Transferred Contract or Other Asset for which the Transfer Condition has been satisfied;

(vi) a certificate duly executed by the Purchaser, dated as of the Closing Date, in accordance with Section 6.1(e);

(vii) evidence reasonably acceptable to the Seller of the Purchaser's existence and good standing (as of a recent date) under the laws of the State of Delaware;

(viii) a copy, certified by an authorized officer of the Purchaser, of the resolutions authorizing the execution and delivery of this Agreement and the Related Agreements and instruments attached as exhibits to this Agreement and to the Related Agreements, and the consummation of the Contemplated Transactions, together with a certificate by the Secretary of the Purchaser as to the incumbency of those officers authorized to execute and deliver this Agreement and the Related Agreements; and

(ix) such other customary instruments of transfer, assumptions, filings or documents, in form and substance reasonably satisfactory to the Seller, as may be required to give effect to the Contemplated Transactions.

(c) Without prejudice to any other rights of the Parties under this Agreement or to any other remedy they may have, if a Party has not complied in full with its obligations under

this Section 2.5 on or before the Closing Date, the non-breaching Party may, at its discretion, waive the requirement to fulfill the unsatisfied obligations in whole or in part and proceed to Closing to the extent reasonably practicable.

Section 2.6 Misbooking Adjustments. Until [CONFIDENTIAL TREATMENT REQUESTED], the Purchaser may provide, within a commercially reasonable time period, written notice to the Seller of any Misbooking identified or determined to exist at any time with respect to a Trading Contract (a "Misbooked Trading Contract").

(a) **Misbooked Trades Accepted.** Within [CONFIDENTIAL TREATMENT REQUESTED] of the date upon which such notice is received by the Seller, the Purchaser shall determine the economic impact of the Misbooked Trading Contract by calculating (i) [CONFIDENTIAL TREATMENT REQUESTED], as of the date notice is given pursuant to this Section 2.6, as determined by reference to the actual characteristics of such Misbooked Trading Contract (giving effect to any errors discovered in connection therewith), *less* (ii) [CONFIDENTIAL TREATMENT REQUESTED]. Depending on the result of such calculation, (x) if negative, the Seller shall pay the absolute value of the amount resulting from such calculation to the Purchaser, or (y) if positive, the Purchaser shall pay the amount resulting from such calculation to the Seller, which payment shall, in either case, be paid within three (3) Business Days of such amount being determined.

(b) **Misbooked Trades Rejected.** Notwithstanding the foregoing, the Purchaser shall have the right to [CONFIDENTIAL TREATMENT REQUESTED] of the date of such notice of Misbooking is received by the Seller; provided, however, that if such Misbooked Trading Contract, after giving effect to the error with respect thereto, would nonetheless be substantially similar to the Transferred Assets (excluding Misbooked Trading Contracts), then the Purchaser shall not reject the acceptance of such Misbooked Trading Contract. If the Purchaser determines pursuant to this Section 2.6(b) [CONFIDENTIAL TREATMENT REQUESTED], of such amount being determined, and such Trading Contract shall become an Excluded Transaction and shall not be considered or otherwise deemed a Transferred Asset for any purpose hereunder from and after such date of rejection; provided, that, for purposes of determining the value of the economic impact of rejecting any such Misbooked Trading Contract, the Parties shall use the market value of such Misbooked Trading Contract as of the Mirror Effective Date, as determined by reference to Schedule 2.2(b). Upon rejection of a Misbooked Trading Contract pursuant to this Section 2.6(b), the term "Trading Contracts" shall thereafter not include any such rejected Trading Contract for any purpose hereunder.

(c) **Misbooking Calculations.** For any determination of the amount payable pursuant to Section 2.6(a) or 2.6(b), Purchaser will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. In determining such amount(s), Purchaser may consider (i) quotations (either firm or indicative) for replacement transactions supplied by one or more Third Parties that may take into account the creditworthiness of the Purchaser or the Seller at the time such quotation is provided and the terms of relevant

documentation, including credit support documentation; (ii) information consisting of relevant market data in the relevant market supplied by one or more Third Parties including relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or (iii) information of the type described in clause (i) or (ii) from internal sources (including any Affiliates) if that information is of the same type used by the Purchaser in the regular course of business for the valuation of similar transactions. Third Parties that supply quotations pursuant to the foregoing clause (i) or market data pursuant to the foregoing clause (ii) may include dealers in the relevant markets, end-users of the relevant products or services, information vendors, brokers and other sources of market information.

(d) **Disputes of Misbooking Calculations**. Seller shall have the right acting in good faith in accordance with commercially reasonable standards to dispute any determination of the amount payable pursuant to Section 2.6(a) or 2.6(b), provided that payment of the undisputed amount shall first be paid by the Purchaser or Seller, as the case may be, to the other Party.

Section 2.7 Transferred Contracts; Other Assets.

(a) On the terms and subject to the conditions set forth herein, on the Transfer Date with respect to any Transferred Contracts (other than the ISO Contracts) or Other Assets, the Seller shall convey, assign and transfer to, and the Purchaser or one of its Affiliates (subject to Section 2.12) shall receive, undertake and assume, all such Transferred Contracts and Other Assets. To the extent that the transfer or conveyance of any such Transferred Contracts or Other Assets to the Purchaser requires the Consent of a Third Party or Governmental Authorization, the Seller and the Purchaser shall use commercially reasonable efforts, and cooperate with each other, to obtain promptly the relevant Consent or Governmental Authorization prior to the Closing Date.

(b) Notwithstanding anything to the contrary contained in this Agreement but subject to the requirements of Section 2.7(d), to the extent that the transfer or conveyance of any Transferred Contract or Other Asset to the Purchaser pursuant to this Section 2.7 requires the Consent of a Third Party or Governmental Authorization and such Consent or Governmental Authorization shall not have been obtained prior to the Closing Date:

(i) this Agreement shall not constitute an assignment or attempted assignment of such Transferred Contract or Other Asset on the Effective Date if such assignment or attempted assignment would constitute a breach or violation of such Transferred Contract or Other Asset;

(ii) such Transferred Contract or Other Asset shall not be deemed to be a Transferred Asset hereunder until the Transfer Date occurs with respect thereto; and

(iii) the Closing shall proceed without regard to the transfer or conveyance of such Transferred Contract or Other Asset.

(c) With respect to any Transferred Contracts or Other Assets which are the subject of Section 2.7(b), the Seller and the Purchaser shall use commercially reasonable efforts, and cooperate with each other, to obtain promptly the relevant Consent or Governmental Authorization required to transfer or convey any such Transferred Contracts or Other Assets from the Seller to the Purchaser after the Closing Date. Following Closing, if and when the relevant Consent or Governmental Authorization is thereafter obtained with respect to such Transferred Contracts or Other Assets:

(i) the Seller and the Purchaser shall use commercially reasonable efforts to cooperate with each other in any mutually agreeable, reasonable and lawful arrangements designed to allow the Purchaser to obtain all of the rights, title, interests in, and assume all Liabilities under, such relevant Transferred Contract or Other Assets, and such Transferred Contracts or Other Assets shall be deemed to be a Transferred Asset from and after the relevant Transfer Date for all purposes hereunder; and

(ii) the Seller shall transfer or convey such relevant Transferred Contract or Other Assets to the Purchaser at no additional cost.

(d) Notwithstanding anything to the contrary contained in this Agreement, with respect to any Transferred Contracts (other than the ISO Contracts) or Other Assets which are the subject of Section 2.7(b), pending the receipt of the applicable Consent or Governmental Authorization, the Parties shall cooperate with each other in any mutually agreeable, reasonable and lawful arrangements designed to provide to the Purchaser the benefits of use of such Transferred Contracts or Other Assets and to the Seller or its Affiliates the benefits, including any indemnities, that they would have obtained had the Transferred Contracts or Other Assets been conveyed to the Purchaser at the Effective Date. To the extent that any such Transferred Contracts or Other Assets cannot be transferred or conveyed or the full benefits of use of any such Transferred Contracts or Other Assets cannot be provided to the Purchaser following the Effective Date pursuant to this Section 2.7(d), then the Purchaser and the Seller shall enter into such arrangements (including subleasing, sublicensing or subcontracting) to provide to the Parties the economic (taking into account Tax costs and benefits) and operational equivalent, to the extent permitted by applicable Law, of obtaining such Consent or Governmental Authorization and the performance by the Purchaser of the obligations thereunder. The Seller shall hold in trust for and pay to the Purchaser promptly upon receipt thereof, all income, proceeds and other monies received by the Seller or any of its Affiliates in connection with its use of any Transferred Contracts or Other Assets (net of any Taxes and any other costs incurred by the Seller or any of its Affiliates) following the Effective Date in connection with the arrangements under this Section 2.7(d).

(e) To the extent any Other Assets constitute the intellectual property of Seller, Seller hereby acknowledges, grants, and confirms that Purchaser shall in perpetuity have all right, title, permission, license and interest to own and use such intellectual property from and after the

relevant Transfer Date as required for the use of such Other Assets without restriction or other limitation.

Section 2.8 Trading Contracts.

(a) On the terms and subject to the conditions set forth herein and subject to Section 2.8(f) with respect to Interbook Trades, on the Novation Date with respect to any Trading Contract, the Seller shall convey, assign and transfer to, and the Purchaser or one of its Affiliates shall receive from, undertake and assume, such Trading Contract, in each case, pursuant to a Novation Agreement by and among the Seller, the Purchaser and the Counterparty to each of such Trading Contracts. To the extent that the transfer of any of the Trading Contracts to the Purchaser requires the Consent of a Third Party or Governmental Authorization, the Seller and the Purchaser shall use commercially reasonable efforts, and cooperate with each other, to obtain promptly the relevant Consent or Governmental Authorization prior to the Closing Date.

(b) Subject to Sections 2.8(c) and (d), the sale, transfer and novation of any Trading Contract shall be conditional on:

(i) the receipt of all Governmental Authorizations and all Consents (including any required Counterparty consent) necessary to permit the novation of such Trading Contract to the Purchaser; and

(ii) the applicable Counterparty having (x) released the Seller, IEG and all of IEG's other Affiliates from any and all obligations and Liabilities under such Trading Contract and (y) released or agreed in writing, with the Seller, IEG and all of IEG's other Affiliates as Third Party beneficiaries, to release within a reasonable period of time after the execution of such release the Seller, IEG and all of IEG's other Affiliates from any and all obligations and Liabilities under any Financial Assurances related to such Trading Contracts, including the return by the applicable Counterparty of any collateral held by such Counterparty to the Seller, IEG or IEG's other Affiliates (clauses (i) and (ii), collectively, the "Novation Condition").

(c) If the Purchaser has an existing master trading agreement with any Counterparty to a Trading Contract, [CONFIDENTIAL TREATMENT REQUESTED], the Purchaser and the Seller shall have the right to seek the consent of such Counterparty to make the Counterpart Trading Contracts under such Trading Contract subject to the existing master trading agreement between the Purchaser and such Counterparty or to negotiate changes to Seller's existing master trading agreement or a new master trading agreement with such Counterparty. To the extent possible, the Parties shall use the form of Novation Agreement, with such amendments as may be necessary or advisable, to accommodate the particular circumstances relating to the relevant Counterpart Trading Contract. [CONFIDENTIAL TREATMENT REQUESTED]

(d) Subject to Section 2.8(f) with respect to Interbook Trades, the novation of any Trading Contract shall become effective on the later to occur of (i) the last day of the calendar month in which the Novation Condition with respect thereto is satisfied by each of the Seller and the Purchaser and (ii) the Effective Date (the "Novation Date").

(e) To the extent that the Novation Date has not occurred with respect to any Trading Contract prior to or after the Closing Date:

(i) this Agreement shall not constitute a novation, assignment or attempted assignment with respect to such Trading Contract at or after the Effective Date;

(ii) the Seller and the Purchaser shall use commercially reasonable efforts (without the obligation on the part of either Party to pay any money, assume or incur any Liability or agree to any material changes of the Closing in the terms or conditions of such Trading Contract), and cooperate with each other, to obtain promptly the relevant Consent or Governmental Authorization after the Closing Date to the extent necessary to satisfy any Novation Condition; and

(iii) such Trading Contract shall not be deemed to be a Transferred Asset until the Novation Date with respect to such Trading Contract has occurred;

provided, that, upon the occurrence of the Novation Date with respect to such Trading Contract, such Trading Contract shall be deemed to be a Transferred Asset from and after such Novation Date for all purposes hereunder.

(f) With respect to each Interbook Trade, such Trading Contract will not be novated from Seller to Purchaser and is not subject to Section 2.8 (a) through (e) above, but rather:

(i) If the Interbook Trade is financially-settled, such Interbook Trade will be included as a Trading Contract under the Mirror Confirm and shall remain subject to the terms of such Mirror Confirm; and

(ii) If the Interbook Trade is physically-settled, such Interbook Trade will be included as a Trading Contract under the Mirror Confirm (and be financially-settled) and shall remain as a financially-settled transaction subject to the terms of such Mirror Confirm until the earlier of (y) the date the Interbook Trade expires or terminates in accordance with its terms, or (z) the occurrence of the Effective Date. Upon the occurrence of the Effective Date, any remaining Interbook Trades shall no longer be subject to the Mirror Confirm and the corresponding Mirror Transaction shall terminate without a Portfolio Deletion Payment (as such term is defined in the Mirror Confirm) coming due as a result of such termination, and in lieu thereof a new physically-settled transaction between Seller and Purchaser shall be deemed to be automatically entered into as of the Effective Date, which transaction shall be subject to, and

confirmed in accordance with, the MCP-IES ISDA Master Agreement (each such transaction, a "Interbook Matching Trade"). Each Interbook Matching Trade shall be between Purchaser and Seller only (and not with any Seller Affiliate) for the remaining term of the corresponding Interbook Trade, shall mirror the terms of the Interbook Trade, and shall terminate automatically upon the termination or expiration of the Interbook Trade.

Section 2.9 Exchange Traded Transactions.

(a) On the Mirror Effective Date, the Seller shall request of the Relevant Exchange (the "Exchange Request") that the Exchange Traded Transactions be transferred to the Purchaser in accordance with the rules and procedures of the Relevant Exchange from the commodity futures brokerage accounts of the Seller listed on Schedule 2.9(a) attached hereto, carried by the futures commission merchants (each an "FCM") listed thereon, to the account of the Purchaser via an ex-pit, ex-Ring or ex-order book transfer, and the Purchaser shall assume each Exchange Traded Transaction, by a novation effected pursuant to the applicable rules of the Relevant Exchange. Each such transfer shall be effected at the settlement price as of the close of trading on the Relevant Exchange on the Mirror Effective Date, and other than payment of the Purchase Price, the Parties intend that no consideration will be paid in respect of the Exchange Traded Transactions. The Exchange Request shall be in form and substance reasonably satisfactory to the Seller and the Purchaser. To the extent that the transfer or conveyance of any of the Exchange Traded Transactions to the Purchaser requires the Consent of a Third Party or Governmental Authorization, the Seller and the Purchaser shall use commercially reasonable efforts, and cooperate with each other, to obtain promptly the relevant Consent or Governmental Authorization prior to the Mirror Effective Date.

(b) If following the Mirror Effective Date this Agreement is terminated in accordance with the terms and conditions set forth in Article VIII, then on the Business Day immediately following the date that this Agreement is terminated, the Purchaser shall submit to the Relevant Exchange an Exchange Request that the Exchange Traded Transactions, or trades cleared on the Relevant Exchange that are substantially similar to the Exchange Traded Transactions (each a "Substitute Exchange Traded Transaction") be transferred to the Seller in accordance with the rules and procedures of the Relevant Exchange from the commodity futures brokerage accounts of the Purchaser listed on Schedule 2.9(b) attached hereto, carried by each FCM listed thereon, to the account of the Seller via an ex-pit, ex-Ring or ex-order book transfer, and the Seller shall assume each Substitute Exchange Traded Transaction, by a novation effected pursuant to the applicable rules of the Relevant Exchange. Each such transfer pursuant to this Section 2.9(b) shall be effected at the settlement price as of the close of trading on the Relevant Exchange on the trading date immediately preceding the date of such transfer, and other than as provided in Article VIII, the Parties intend that no consideration will be paid in respect of the Substitute Exchange Traded Transactions. The Exchange Request shall be in same form and have the same substance as that which was provided to the Relevant Exchange under Section 2.9(a).

Section 2.10 Mirror Transactions.

(a) Upon the Mirror Effective Date, the Seller and the Purchaser shall enter into the Mirror Confirm whereby only the economic benefits of and risks under each of the Trading Contract will be borne by the Purchaser from and after the Mirror Effective Date, pursuant to the terms and subject to the conditions set forth in the Mirror Confirm.

(b) After the Mirror Effective Date until the Closing Date, and subject to Section 2.16, all trading agreements, interbook trades and other contracts that the Seller enters into, which are substantially similar to the Transferred Assets, in accordance with the Pre-Closing Guidelines or as otherwise consented to by Purchaser, in its sole discretion, shall be deemed "Trading Contracts", "Interbook Trades", "Transferred Contracts" or "ISO Contracts", as the case may be (each a "Post-Mirror Trade"), and shall for all purposes hereunder be encompassed by the Mirror Confirm without any further action being taken by either the Purchaser or Seller. Thereafter, the sale, transfer and novation of each Post-Mirror Trade shall be conditional on:

(i) the receipt of all Governmental Authorizations and all Consents (including any required Third Party Consent) necessary to permit the transfer or conveyance of such Post-Mirror Trade to the Purchaser; and

(ii) the applicable Third Party having (x) released the Seller, IEG and all of IEG's other Affiliates from any and all obligations and Liabilities under such Post-Mirror Trade and (y) released or agreed in writing, with the Seller, IEG and all of IEG's other Affiliates as Third Party beneficiaries, to release within a reasonable period of time after the execution of such release the Seller, IEG and all of IEG's other Affiliates from any and all obligations and Liabilities under any Financial Assurances related to such Post-Mirror Trade, including the return by the applicable Third Party of any collateral held by such Third Party to the Seller, IEG or all of IEG's other Affiliates.

(c) If following the Mirror Effective Date this Agreement is terminated in accordance with the terms and conditions set forth in Article VIII, then following such termination, the Mirror Confirm shall be terminated and the Termination Payment (as such term is defined in the Mirror Confirm) paid pursuant to the Mirror Confirm and the ISDA Master Agreement governing the Mirror Confirm.

(d) For the avoidance of doubt, the Parties expressly acknowledge and agree that, while a Mirror Transaction is in effect, any potential or actual event of default or performance failure (except force majeure as specifically set forth in the Mirror Confirm) of whatever description and for whatever reason by a Counterparty with respect to a Trading Contract shall not affect or in any way diminish the respective obligations of the Purchaser and Seller under the Mirror Transaction that corresponds to such Trading Contract.

Section 2.11 ISO Contracts.

(a) On the Mirror Effective Date, the Seller shall request of the Relevant ISO (the "ISO Request") that the ISO Contracts be transferred to the Purchaser in accordance with the rules and procedures of the Relevant ISO. Upon such transfer, all required collateral obligations to the Relevant ISO related to the ISO Contracts will become the responsibility of Purchaser. The Parties intend that, other than the Purchase Price, no consideration will be paid in respect of the ISO Contracts. The ISO Request shall be in form and substance reasonably satisfactory to the Seller and the Purchaser. To the extent that the transfer or conveyance of any of the ISO Contracts to the Purchaser requires the Consent of a Third Party or Governmental Authorization, the Seller and the Purchaser shall use commercially reasonable efforts, and cooperate with each other, to obtain promptly the relevant Consent or Governmental Authorization prior to the Mirror Effective Date.

(b) If following the Mirror Effective Date, this Agreement is terminated in accordance with the terms and conditions set forth in Article VIII, then following such termination, the Purchaser shall convey, assign and transfer to, and the Seller shall receive, undertake and assume, the ISO Contracts; provided, that if (x) the aggregate marked-to-market value for all such ISO Contracts on the termination date is greater than zero, then the Seller shall pay to the Purchaser an amount equal to such amount, and (y) the aggregate marked-to-market value for all such ISO Contracts on the termination date is less than zero, then the Purchaser shall pay to the Seller an amount equal to the absolute value of such amount. To the extent that the transfer or conveyance of any of the ISO Contracts requires the Consent of a Third Party or Governmental Authorization, the Purchaser and the Seller shall use commercially reasonable efforts, and cooperate with each other, to obtain promptly the relevant Consent or Governmental Authorization. The Parties shall cooperate in good faith and in a commercially reasonable manner to establish the values required by the foregoing calculation.

Section 2.12 Purchaser's Designee. Notwithstanding anything to the contrary herein, the Purchaser may designate in writing an Affiliate of the Purchaser to exercise and perform the rights and obligations of Purchaser, as its designate, for purposes of Sections 2.5, 2.7, 2.8, 2.9, 2.10, 2.11, 2.13, 2.14, 2.15 and 2.16, in which event, the term "Purchaser" as set forth in any such section shall be deemed to mean and include "Purchaser's Affiliate" as the context so requires; provided, that in the event that the Mirror Confirm and/or the PPL Financial Trade Agreement is entered into by an Affiliate of Purchaser pursuant to Sections 2.10 and 2.14 and this Section 2.12, then (i) the Purchaser agrees that such Mirror Confirm and/or PPL Financial Trade Agreement shall be novated to the Purchaser no later than the Effective Date such that the Mirror Confirm and/or PPL Financial Trade Agreement shall be under the MCP-IES ISDA Master Agreement and the Purchaser shall fulfill the rights and obligations set forth in Section 2.10 and/or Section 2.14 (as the case may be) from and after the Effective Date (without regard to this Section 2.12), and (ii) the Seller agrees that it shall consent or otherwise agree to such novation and shall execute and deliver any documents or agreements reasonably necessary to give effect thereto. Notwithstanding the foregoing, in no event will any such designation by the

Purchaser relieve or discharge the Purchaser from any of its obligations hereunder, nor shall any such designation be made without the Seller's prior written consent if such designation would reasonably be expected to (a) prevent or materially impede, interfere with or delay the Contemplated Transactions, (b) cause the Seller reasonably to incur additional Third Party out of pocket costs and expenses in excess of $10,000, in the aggregate, in connection with the consummation of Contemplated Transactions or (c) result in the Seller or its Affiliates incurring a Tax Liability in excess of the Tax Liability Seller or its Affiliates would otherwise incur without such designation; provided, that with respect to any costs reasonably incurred by the Seller in excess of the dollar limitation of clause (b) above, the Purchaser may avail itself of the rights under this Section 2.12 so long as the Purchase reimburses the Seller promptly for any such costs in excess of that amount.

Section 2.13 Identified Transactions. For all transactions (the "Identified Transactions") reflected in the Trading Contracts with the Counterparties identified on Schedule 2.13, Seller shall retain the risk of [CONFIDENTIAL TREATMENT REQUESTED] for each Identified Transaction as follows:

(a) With respect to each Identified Transaction, in the event that the Purchaser has the right to terminate such Identified Transaction as a result of a breach thereof by the Counterparty to such Identified Transaction and the Purchaser notifies such Counterparty in writing of the Purchaser's election to terminate such Identified Transaction, the Seller shall provide the Purchaser within [CONFIDENTIAL TREATMENT REQUESTED] of the Seller's receipt of written demand therefor [CONFIDENTIAL TREATMENT REQUESTED] under such Identified Transaction, which [CONFIDENTIAL TREATMENT REQUESTED]. Notwithstanding anything in the foregoing sentence to the contrary, with respect to each Counterparty with whom the Purchaser has agreed to a [CONFIDENTIAL TREATMENT REQUESTED] in no event shall the Seller be obligated to deliver any credit support in respect of any amounts owing from such Counterparty under any such Identified Transactions [CONFIDENTIAL TREATMENT REQUESTED].

(b) With regard to any Identified Transaction for which the Seller has provided a [CONFIDENTIAL TREATMENT REQUESTED] pursuant to Section 2.13(a), if the Purchaser determines (reasonably in accordance International Financial Reporting Standards, consistently applied), [CONFIDENTIAL TREATMENT REQUESTED] the Purchaser shall have the right, upon giving the Seller [CONFIDENTIAL TREATMENT REQUESTED] prior written notice, to [CONFIDENTIAL TREATMENT REQUESTED], provided, however, that the Seller shall have the right within such [CONFIDENTIAL TREATMENT REQUESTED] period to deliver to the Purchaser [CONFIDENTIAL TREATMENT REQUESTED] amount, in which case the Purchaser may not [CONFIDENTIAL TREATMENT REQUESTED].

(c) Until such time as the Purchaser exercises its rights pursuant to Section 2.13(b), the Purchaser shall exercise commercially reasonable efforts to collect on amounts owing in respect of non-payment by the relevant Counterparty to relevant Identified Transactions, and

Purchaser and the Seller shall coordinate and cooperate each other in their commercially reasonable discretion with respect to such collection efforts. Upon the Purchaser exercising its rights pursuant to Section 2.13(b), but prior to the Purchaser, [CONFIDENTIAL TREATMENT REQUESTED] in respect of the applicable the Identified Transaction(s) giving rise to such exercise by Purchaser [CONFIDENTIAL TREATMENT REQUESTED] to such Identified Transaction(s).

(d) In the event that the Purchaser exercises its rights under Section 2.13(a), prior to the Purchaser [CONFIDENTIAL TREATMENT REQUESTED], the Purchaser shall [CONFIDENTIAL TREATMENT REQUESTED] all of the Identified Transactions with the Counterparty that is the subject of the payment default giving rise to such exercise by the Purchaser.

Section 2.14 Financial and Physical Settlement. Not later than the Mirror Effective Date, the Seller and the Purchaser shall execute and deliver the PPL Financial Trade Agreement and the Bangor Financial Trade Agreement.

Section 2.15 ERCOT Trading Contracts. If requested by the Purchaser, in its discretion, from time to time until the first anniversary of the Effective Date, the Seller shall act for and on behalf of the Purchaser as its Qualified Scheduling Entity (as such term is defined by ERCOT) with respect to the Trading Contracts that provide for physically-delivered electric energy in ERCOT, in accordance with terms and conditions to be agreed by the Parties, acting reasonably and in good faith. The Purchaser shall compensate the Seller for any services Seller provided in accordance with this Section 2.15 by paying to Seller any Third Party out of pocket costs and expenses reasonably incurred by Seller in providing such services, plus ten thousand dollars ($10,000) for each month in which such services are provided.

Section 2.16 Flattening Trades and New Trades. On the Mirror Effective Date and from time-to-time thereafter until the Mirror Confirm terminates, Purchaser and Seller shall enter into one or more physically-settled transactions under the MCP-IES ISDA Master Agreement representing sales to Seller with respect to all requirements of the Seller to purchase additional physically-delivered electric energy, capacity, ancillary services, renewable energy certificates, or related products ("Electricity") or representing purchases from Seller for any excess Electricity Seller may have in order to establish and maintain, to the extent reasonably practicable, a flattened position in Electricity for Seller (such transactions, the "Flattening Trades"). All Flattening Trades shall be priced using the same or equivalent index price, ISO-published price or mutually-agreed price as specified in the relevant Mirror Transaction or Post-Mirror Trade.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER

Section 3.1 Scope. As an inducement to the Purchaser to enter into this Agreement and to consummate the Contemplated Transactions, the Seller makes the representations and warranties to Purchaser set forth in this Article III on the date hereof and on the Closing Date (unless any such representation or warranty is made as of a specific date, in which case such representation and warranty is made as of only such date), except as set forth in, or as qualified by, the Schedules. References to specific, numbered Schedules in this Article III do not limit the general applicability of the exceptions, qualifications, and other matters set forth in all other Schedules to each and every representation and warranty set forth in this Article III.

Section 3.2 Corporate Organization and Authority of Seller. The Seller is corporation validly existing and in active status under the Laws of the State of Wisconsin and has all requisite company power and authority to own the Transferred Assets and to carry on the Business as now being conducted. Each of the Related Seller Parties is corporation, limited liability company or partnership validly existing and in active status under the laws of the jurisdiction of organization. The Seller and each of the Related Seller Parties, as the case may be, has all requisite corporate power and authority necessary to execute, deliver and perform this Agreement and each of the Related Agreements to which it is a party. The Seller is duly qualified or authorized to do business as a foreign entity and is in good standing under the Laws of each jurisdiction in which the conduct of the Business occurs, except where the failure to be so qualified, authorized or in good standing would not reasonably be expected to have a Material Adverse Effect. The execution and delivery by the Seller and each of the Related Seller Parties of this Agreement and each of the Related Agreements to which it is a party and the performance by Seller and each of the Related Seller Parties, as the case may be, of the Contemplated Transactions to which it is a party have been duly authorized by all necessary company action on the part of Seller and each of the Related Seller Parties, as the case may be.

Section 3.3 Enforceability. This Agreement is, and each Related Agreement to be executed and delivered by the Seller and each of the Related Seller Parties, as the case may be, at or prior to the Closing will be, duly and validly executed and delivered by the Seller and each of the Related Seller Parties, as the case may be, and this Agreement is and each Related Agreement to be executed and delivered by the Seller and each of the Related Seller Parties, as the case may be, will be when executed and delivered, a valid and legally binding obligation of the Seller and each of the Related Seller Parties, as the case may be, enforceable against the Seller and each of the Related Seller Parties, as the case may be, in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 3.4 No Conflict. Neither the execution and delivery of this Agreement or any Related Agreement by the Seller or any of the Related Seller Parties, as the case may be, nor the performance by Seller or any of the Related Seller Parties, as the case may be, of the provisions of this Agreement or any Related Agreement to which it is a party will (a) violate the Governing Documents of the Seller or any of the Related Seller Parties, as the case may be, (b) violate any

Law or Order by which Seller, any of the Related Seller Parties or any of the Transferred Assets is bound, or (c) except as set forth on Schedule 3.4, result in a breach or violation of any provision of, constitute a default under, or give rise to any right of termination or cancellation under, or result in or permit an acceleration of, any material indenture, mortgage, lease or other agreement or instrument to which the Seller or any of the Related Seller Parties is a party or by which the Seller, any of the Related Seller Parties or any of the Transferred Assets are bound, except in the case of the foregoing clauses (b) and (c), as would not reasonably be expected to have a Material Adverse Effect or a material adverse effect on the Seller's or any of the Related Seller Parties' ability to perform its obligations under this Agreement or any of the Related Agreements to which it is a party.

Section 3.5 Third Party Consents. Except as otherwise set forth on Schedule 3.5, no material authorization, consent, waiver or approval of or filing with or notification to any Third Party (including a Governmental Body) is required to be obtained by the Seller or any of the Related Seller Parties, as the case may be, in connection with (i) the Seller's or any of the Related Seller Parties' execution and delivery of this Agreement or any of the Related Agreements, as the case may be, (ii) the Seller's sale and transfer of the Transferred Assets to Purchaser on the terms and conditions set forth in this Agreement, (iii) the Seller's or any of the Related Seller Parties' performance of their respective obligations under this Agreement and any Related Agreement to which it is a party other than, in each case, (a) the Seller Required Consents or (b) an authorization, consent, waiver, approval, filing or notification which, if not obtained or made, would not, individually or in the aggregate, be reasonably expected to have a Material Adverse Effect.

Section 3.6 Transferred Assets. Except as otherwise set forth on Schedule 3.6, the Seller has good and defensible title to all of the tangible and intangible personal property constituting part of the Transferred Assets, and subject to obtaining any necessary material Consents pursuant to this Agreement, at the Closing, the Purchaser shall receive the Transferred Assets free and clear of all Encumbrances other than the Permitted Encumbrances.

Section 3.7 Contracts; No Default.

(a) (i) Schedules 2.1(a)(ii)(A), (B) and (C) contain, as of the date hereof, an accurate and complete list of each Trading Contract (or in the case of forms described in clause (ii), a listing of such forms) and (ii) except for multiple agreements that are documented under a standard form ISDA Master Agreement, EEI Master Agreement or WSPP Master Agreement without amendments, in which case only such form need be made available, the Seller has made available to the Purchaser accurate and complete copies of each such Trading Contract, together with any and all material amendments or modifications thereto through and including the date hereof. Schedule 2.1(a)(i) contains, as of the date hereof, an accurate and complete list of each Transferred Contract and the Seller has made available to the Purchaser accurate and complete copies of each Transferred Contract, together with any and all material amendments or modifications thereto through and including the date hereof.

(b) As of the date hereof:

(i) each Trading Contract and Transferred Contract is in full force and effect and is a valid and enforceable obligation of the Seller except as such enforceability may be limited by bankruptcy, insolvency, reorganization or similar laws affecting the enforcement of creditors' rights generally and general principles of equity (whether considered in a Proceeding at law or in equity);

(ii) no event or condition exists that constitutes or, after notice or a lapse of time or both, will constitute, a material default on the part of the Seller or, to Seller's Knowledge, any Counterparty or other party under, in each case, any such Trading Contract or Transferred Contract; and

(iii) there is no contract, agreement or other arrangement granting any Person any preferential right to purchase any of the Transferred Assets.

Section 3.8 Taxes.

(a) All Taxes and Tax liabilities due with respect to the Transferred Assets (whether or not shown as due on a Tax Return) have been timely paid. Seller has timely filed or caused to be timely filed all Tax Returns that are required to be filed with respect to the Transferred Assets. All such Tax Returns have accurately and completely reflected, and will accurately reflect, all liability for Taxes relating to the Transferred Assets for the period covered thereby and was prepared and filed in accordance with all applicable Laws.

(b) There are no liens for Taxes upon any of the Transferred Assets nor, to the Knowledge of the Seller, is any taxing authority in the process of imposing any lien for Taxes on any of the Transferred Assets, other than liens for Taxes that are not yet due and payable.

(c) Seller has not, as of the Closing Date, entered into an agreement or waiver or requested to enter into an agreement or waiver extending any statute of limitations relating to the payment or collection of Taxes relating to the Transferred Assets. There is no dispute or claim concerning any Tax liability relating to the Transferred Assets either (A) claimed or raised by any Governmental Body or (B) to which the Seller has Knowledge.

(d) All Taxes which Seller is (or was) required to withhold or collect in connection with the Transferred Assets have been duly withheld or collected, and have been timely paid over the proper authorities to the extent due and payable, and all Forms W-2 and 1099 with respect thereto have been properly completed and timely filed.

(e) There are no tax sharing, allocation, indemnification or similar agreements in effect as between Seller and any other party under which Purchaser could be liable for any Taxes or other claims of any party.

(f) The Seller is not a party to any closing agreement as described in Code Section 7121 (or any corresponding or similar provision of state, local or foreign income Tax law) with respect to the Transferred Assets.

(g) No event has occurred that could reasonably be expected to impose upon Purchaser any transferee liability for any Taxes due or to become due from Seller.

Section 3.9 Litigation. There are no claims, actions, suits or Proceedings now pending or, to the Seller's Knowledge, threatened against or affecting the Seller or the Transferred Assets, at law or in equity, or before or by any Governmental Body which (a) may impair the ability of the Seller or the Seller Related Parties to perform this Agreement or any Related Agreement, (b) questions the validity or propriety of this Agreement or any Related Agreement or of any action taken under this Agreement or any Related Agreement or (c) would reasonably be expected to result in a Material Adverse Effect.

Section 3.10 No Commissions. No commissions or brokers' or finders' fees are payable by, through or on account of any acts of the Seller in connection with this Agreement or the Contemplated Transaction for which the Purchaser could be liable or obligated.

Section 3.11 Reserved.

Section 3.12 Compliance with Laws. The Seller is in compliance with all Laws applicable to the Transferred Assets, except where any such non-compliance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.13 Ability to Perform. The Seller currently has or, as of the relevant time, will have available to it sufficient funding (in the form of Cash reflected on the Seller's balance sheet, under existing credit facilities or otherwise) to enable the Seller to consummate the Contemplated Transactions on the terms set forth in this Agreement, to pay all expenses to be incurred by the Seller in connection with this Agreement and to perform all of its other obligations under this Agreement and any Related Agreement to which it is a party.

Section 3.14 Seller's Knowledge. The Seller has informed Purchaser of any material mistakes or omissions on the Purchaser's Schedules of which the Seller is aware or any breach by the Purchaser of any of the representations and warranties set forth in Article IV, including anything that the Seller is aware of that might give rise to a claim by the Seller against Purchaser under the terms of this Agreement or any Related Agreement.

Section 3.15 Disclaimer. EXCEPT AS EXPRESSLY SET FORTH IN THIS ARTICLE III, THE PURCHASER IS ACQUIRING THE TRANSFERRED ASSETS "AS IS, WHERE IS" AND THE SELLER HAS NOT MADE AND DOES NOT MAKE ANY REPRESENTATION OR WARRANTY OF ANY NATURE AS TO THE TRANSFERRED ASSETS (INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A

PARTICULAR PURPOSE OR ANY REPRESENTATION OR WARRANTY AS TO THE VALUE, CONDITION, NATURE, OR CAPABILITY OF ANY TRANSFERRED ASSET), AND THE PURCHASER BY THIS AGREEMENT EXPRESSLY ACKNOWLEDGES THAT NO SUCH OTHER REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE BY THE SELLER OR RELIED UPON BY THE PURCHASER. THE SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY EXPRESSED OR IMPLIED WARRANTIES, GUARANTIES, PROMISES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE TRANSFERRED ASSETS MADE OR FURNISHED BY ANY AGENT, EMPLOYEE, SERVANT OR OTHER PERSON REPRESENTING OR PURPORTING TO REPRESENT THE SELLER, UNLESS THE WARRANTIES, GUARANTIES, PROMISES, STATEMENTS, REPRESENTATIONS OR INFORMATION ARE EXPRESSLY AND SPECIFICALLY SET FORTH IN THIS ARTICLE III.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

Section 4.1 Scope. As an inducement to the Seller to enter this Agreement and to consummate the Contemplated Transactions, the Purchaser makes the representations and warranties to the Seller set forth in this Article IV on the date hereof and on the Closing Date (unless any such representation or warranty is made as of a specific date, in which case such representation and warranty is made as of only such date).

Section 4.2 Corporate Organization and Authority. The Purchaser is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware and has full power and authority to execute, deliver and perform this Agreement and each of the Related Agreements to which it is a party. Each of the Related Purchaser Parties that are a party to this Agreement or any of the Related Agreements is a corporation, limited liability company or partnership validly existing and in active status under the Laws of the jurisdiction of organization. Each of the Purchaser and the Related Purchaser Parties has all requisite corporate power and authority necessary to execute, deliver and perform this Agreement and each of the Related Agreements to which it is a party. The Purchaser is duly qualified or authorized to do business as a foreign corporation and is in good standing under the Laws of each jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified, authorized or in good standing would not reasonably be expected to have a Material Adverse Effect on the Purchaser's ability to consummate the Contemplated Transactions. The execution and delivery by the Purchaser and each of each of the Related Purchaser Parties of this Agreement and each Related Agreement to which it is a party and the performance by the Purchaser and each of the Related Purchaser Parties, as the case may be, of the Contemplated Transactions have been duly authorized by all necessary corporate or other actions and Proceedings on the part of the Purchaser and such Related Purchaser Parties, as the case may be.

Section 4.3 Enforceability. This Agreement is, and each Related Agreement to be executed and delivered by the Purchaser and each of the Related Purchaser Parties, as the case may be, at or prior to the Closing will be, duly and validly executed and delivered by the Purchaser and each of the Related Purchaser Parties, as the case may be, and this Agreement is and each Related Agreement to be executed and delivered by the Purchaser and each of the Related Purchaser Parties, as the case may be, will be when executed and delivered, a valid and legally binding obligation of the Purchaser and each of the Related Purchaser Parties, as the case may be, enforceable against the Purchaser and each of the Related Purchaser Parties, as the case may be, in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 4.4 No Conflict. Neither the execution of this Agreement or any Related Agreement by the Purchaser or any of the Related Purchaser Parties, as the case may be, nor the performance by the Purchaser or any of the Related Purchaser Parties, as the case may be, of the provisions of this Agreement or any Related Agreement will (a) violate the Governing Documents of the Purchaser or any of the Related Purchaser Parties, as the case may be, (b) violate any Law or Order by which the Purchaser or any of the Related Purchaser Parties is bound, or (c) result in a breach or violation of any provision of, constitute a default under, or give rise to any right of termination or cancellation under, or result in or permit an acceleration of, any material indenture, mortgage, lease or other agreement or instrument to which the Purchaser or any of the Related Purchaser Parties is a party or by which the Purchaser or any of the Related Purchaser Parties is bound, except in the case of the foregoing clauses (b) and (c), as would not reasonably be expected to result in a Material Adverse Effect on the Purchaser's or any of the Related Purchaser Parties' ability to perform its obligations under this Agreement or any of the Related Agreements to which it is a party.

Section 4.5 Third Party Consents. Except as otherwise set forth on Schedule 4.5, no material authorization, consent, waiver or approval of or filing with or notification to any Third Party (including a Governmental Body) is required to be obtained by the Purchaser or any of the Related Purchaser Parties, as the case may be, in connection with the Purchaser's purchase of the Transferred Assets from the Seller and any of the Related Purchaser Parties, as the case may be, on the terms and conditions set forth in this Agreement and to permit the Purchaser or any of the Related Purchaser Parties, as the case may be, to perform its other obligations under this Agreement and any Related Agreements to which it is a party other than (a) the Purchaser Required Consents or (b) an authorization, consent, waiver, approval, filing or notification which, if not obtained or made, would not, individually or in the aggregate, prevent or materially delay the consummation of the Contemplated Transactions.

Section 4.6 Litigation. There are no claims, actions, suits or Proceedings now pending or, to the Purchaser's Knowledge, threatened against or affecting the Purchaser or the Purchaser Related Parties, at law or in equity, or before or by any Governmental Body which may impair the ability of the Purchaser or the Purchaser Related Parties to perform this

Agreement or any Related Agreement or which questions the validity or propriety of this Agreement or any Related Agreement or of any action taken under this Agreement or Related Agreement.

Section 4.7 Purchaser's Investigation. The Purchaser is an informed and sophisticated purchaser of assets similar to the Transferred Assets and, in connection with the Contemplated Transactions, has sought the advice of experts who are experienced in the evaluation and purchase of assets similar to the Transferred Assets. The Purchaser has undertaken such investigation of the Transferred Assets as it has deemed necessary to enable it to make an informed decision with respect to this Agreement and the Contemplated Transactions. The Purchaser acknowledges that the Seller has provided the Purchaser with such access to the personnel, properties, leased premises and records (including copies of the material Trading Contracts) of the Seller and relating to the Business as the Purchaser has requested, subject to the limitations set forth in Section 7.2. In entering into this Agreement, in purchasing the Transferred Assets and in consummating the Contemplated Transactions, the Purchaser has relied solely upon its own investigation and the express representations and warranties of the Seller set forth in Article III, and neither the Seller nor any of its officers, directors, shareholders, employees, Affiliates, agents or Representatives has made any representation or warranty as to the Seller, the Transferred Assets, or this Agreement, except as expressly set forth in this Agreement. To the fullest extent permitted by Law, neither the Seller nor any of its officers, directors, shareholders, employees, Affiliates, agents or Representatives shall have any liability to the Purchaser for any information made available to, or statements made to, the Purchaser (or any of its agents, officers, directors, employees, Affiliates or Representatives), other than the representations and warranties of Seller expressly set forth in Article III and the express obligation of the Seller to indemnify the Purchaser following the Closing to the extent set forth in Article IX.

Section 4.8 Ability to Perform. The Purchaser currently has available to it sufficient funding (in the form of Cash reflected on the Purchaser's balance sheet, under existing credit facilities or otherwise) to enable the Purchaser to consummate the purchase of the Transferred Assets on the terms set forth in this Agreement, to pay all expenses to be incurred by the Purchaser in connection with this Agreement and to perform all of its other obligations under this Agreement and any Related Agreement to which it is a party.

Section 4.9 No Commissions. No commissions or brokers' or finders' fees are payable by, through or on account of any acts of the Purchaser or its Representatives in connection with this Agreement or the Contemplated Transactions for which the Seller could be liable or obligated.

Section 4.10 Purchaser's Knowledge. The Purchaser has informed Seller of any material mistakes or omissions on the Seller's Schedules of which the Purchaser is aware or any breach by the Seller of any of the representations and warranties set forth in Article III, including

anything that the Purchaser is aware of that might give rise to a claim by the Purchaser against the Seller under the terms of this Agreement or any Related Agreement.

Section 4.11 No Other Representation or Warranty. Except for the representations and warranties contained in this Article IV, and as may be made by the Purchaser in any Related Agreement, neither the Purchaser nor any other Person acting on behalf of the Purchaser makes any representation or warranty, express or implied, regarding the Purchaser or the Contemplated Transactions.

Section 4.12 Disclaimer. THE PURCHASER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY EXPRESSED OR IMPLIED WARRANTIES, GUARANTIES, PROMISES, STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE TRANSFERRED ASSETS MADE OR FURNISHED BY ANY AGENT, EMPLOYEE, SERVANT OR OTHER PERSON REPRESENTING OR PURPORTING TO REPRESENT THE PURCHASER, UNLESS THE WARRANTIES, GUARANTIES, PROMISES, STATEMENTS, REPRESENTATIONS OR INFORMATION ARE EXPRESSLY AND SPECIFICALLY SET FORTH IN THIS ARTICLE IV.

ARTICLE V
CONDITIONS PRECEDENT TO THE PURCHASER'S OBLIGATION TO CLOSE

Section 5.1 Purchaser Closing Conditions. The obligation of the Purchaser to consummate the Contemplated Transactions is subject to the satisfaction, as of the Closing, of each of the following conditions (any of which may be waived in writing by the Purchaser, in whole or in part):

(a) all agreements and covenants required by this Agreement to be complied with or performed by the Seller at or prior to the Closing shall have been complied with or performed in all material respects;

(b) all representations and warranties of the Seller in this Agreement (i) that are qualified as to materiality or Material Adverse Effect shall be true and correct, in all respects, as of the Closing or other time stated as if made at and as of that time and (ii) that are not so qualified shall be true and correct, in all material respects, as of the Closing or other time stated as if made at and as of that time;

(c) the Purchaser Required Consents shall have been obtained or occurred, as applicable;

(d) the [CONFIDENTIAL TREATMENT REQUESTED] shall have been satisfied;

(e) no Order which prevents the consummation of any material aspect of the Contemplated Transactions shall have been issued and remain in effect (each Party agreeing to use its commercially reasonable efforts to have any such Order lifted) and no Law shall have been enacted which prohibits the consummation of the Contemplated Transactions;

(f) the Seller shall have delivered to the Purchaser a certificate of a duly authorized officer of the Seller, dated as of the Closing Date, certifying that, to the knowledge of such officer, the conditions set forth in Section 5.1(a) and (b) have been satisfied as of the Closing Date;

(g) the Seller Guarantee Agreement shall be in full force and effect and no material default or breach shall have occurred thereunder;

(h) the Mirror Confirm shall be in full force and effect and no material default or breach by Seller shall have occurred thereunder;

(i) the Supply Trade Agreements shall each be in full force and effect and no material default or breach by Seller shall have occurred thereunder; and

(j) the Purchaser shall have received those documents to be delivered to the Purchaser in accordance with Section 2.5(a).

ARTICLE VI
CONDITIONS PRECEDENT TO THE SELLER'S OBLIGATION TO CLOSE

Section 6.1 Seller Closing Conditions. The obligation of the Seller to consummate the Contemplated Transactions is subject to the satisfaction, as of the Closing, of each of the following conditions (any of which may be waived in writing by the Seller in whole or in part):

(a) all agreements and covenants required by this Agreement to be complied with or performed by Purchaser at or prior to the Closing shall have been complied with and performed in all material respects;

(b) all representations and warranties of the Purchaser in this Agreement (i) that are qualified as to materiality or material adverse effect shall be true and correct, in all respects, as of the Closing or other time stated as if made at and as of that time and (ii) that are not so qualified shall be true and correct, in all material respects, as of the Closing or other time stated as if made at and as of that time;

(c) the Seller Required Consents described in items 1 and 2 on Schedule 3.5 shall have been obtained or occurred, as applicable;

(d) no Order which prevents the consummation of any material aspect of the Contemplated Transactions shall have been issued and remain in effect (each Party agreeing to use

its commercially reasonable efforts to have any such Order lifted) and no Law shall have been enacted which prohibits the consummation of the Contemplated Transactions;

(e) the Purchaser shall have delivered to the Seller a certificate of a duly authorized officer of the Seller, dated as of the Closing Date, certifying that, to the knowledge of such officer, the conditions set forth in Section 6.1(a) and (b) have been satisfied as of the Closing Date;

(f) the Purchaser Guarantee Agreement shall be in full force and effect and no material default or breach shall have occurred thereunder;

(g) the Mirror Confirm shall be in full force and effect and no material default or breach by Purchaser shall have occurred thereunder;

(h) the Supply Trade Agreements shall be in full force and effect and no material default or breach by Purchaser shall have occurred thereunder; and

(i) the Seller shall have received those documents to be delivered to the Seller in accordance with Section 2.5(b).

ARTICLE VII
ADDITIONAL COVENANTS

Section 7.1 Conduct of Business.

(a) From and after the date hereof until the Effective Date (the "Interim Period"), the Seller shall not (and shall cause its Affiliates not to), with respect to the Transferred Assets:

(i) cease to provide any material services previously provided in support of the Business except in accordance with the Ordinary Course of Business;

(ii) make any sale, transfer or other disposition of any Transferred Asset that is material to the conduct and operations of the Business other than any such sale, transfer, or other disposition that is made in the Ordinary Course of Business;

(iii) with respect to the Seller and its controlled Affiliates, create or permit to be created any Encumbrance on any Transferred Asset, other than (i) in the Ordinary Course of Business to the extent that such Encumbrance does not materially and adversely affect the Business, (ii) Permitted Encumbrances to the extent that such Encumbrance does not materially and adversely affect the Business, (iii) that which would not materially and adversely affect such Transferred Asset after the Effective Date or (iv) as contemplated in this Agreement or any of the Related Agreements;

(iv) change any accounting methods, policies or practices applicable to the Business;

(v) amend, assign, terminate, cancel, or compromise any material claims of the Seller against any Counterparty other than any such amendment, assignment, termination, cancellation or compromise made in the Ordinary Course of Business;

(vi) make any material changes in the methods of operations of the Business except in the Ordinary Course of Business, including, without limitation, risk management practices and policies relating thereto;

(vii) enter into any agreement that is material to the Transferred Assets or the conduct of the Business, except as in accordance with Schedule 7.1(b), that the Purchaser would assume, or for which the Purchaser would otherwise become liable, as part of the Contemplated Transaction, or terminate, amend, or otherwise modify in any material respect or waive any material rights under any Transferred Asset that is material to the conduct of the Business other than any such termination, amendment, or modification that is made in the Ordinary Course of Business;

(viii) incur any Indebtedness in connection with the Business other than in the Ordinary Course of Business; or

(ix) take any action to do or engage (or commit to do or engage) in any of the foregoing.

(b) Notwithstanding anything herein to the contrary, the foregoing shall not apply to the taking of any action (i) that is required (including by virtue of being an express condition to Closing) or explicitly permitted by the terms of this Agreement or the Related Agreements, (ii) that is reasonably necessary in connection with the execution and implementation of the Contemplated Transactions, (iii) to which the Purchaser gives its prior written consent (such consent not to be unreasonably withheld or delayed), (iv) that is set forth in Schedule 7.1(b), or (v) that is required in order to comply with applicable Law or Orders.

Section 7.2 Information and Access. From the date hereof until the last Transfer Date or Novation Date, as the case may be, to occur with respect to the Transferred Assets hereunder, the Seller shall (and shall cause its controlled Affiliates to): (a) permit the Purchaser and its Representatives to have reasonable access during normal business hours, and in a manner so as not to interfere with the normal operations, to all premises, properties, personnel, accountants, books, records, contracts and documents of or pertaining to the Transferred Assets (subject to the Seller's right to redact information unrelated to the Transferred Assets); and (b) furnish the Purchaser and its Representatives with all such information and data concerning the Transferred Assets as the Purchaser or its Representatives reasonably may request in connection with their review of information in accordance with clause (a), except to the extent that such

information is subject to attorney-client privilege or furnishing any such information or data would create any Liability under applicable Law, including antitrust Law, or would violate any Law, Order or Contract applicable to the Seller or any of its Affiliates or by which any of the Transferred Assets are bound. The Purchaser will indemnify and hold harmless the Seller and its Affiliates (separate and apart from the Purchaser's obligations in Article IX and without regard to any basket, cap or other conditions or limitations contained in Article IX) from and against any Losses caused to the Seller or any of its Affiliates by the gross negligence or willful misconduct of the Purchaser or its Representatives in connection with such access. Notwithstanding anything in this Section 7.2 the Seller will not be required to permit access to or furnish Tax Returns, books, records, contracts, documents, information or data relating to Taxes to the extent that such Taxes do not relate exclusively to the Transferred Assets, and the Purchaser will not have access to personnel and medical records if such access could, in the Seller's good faith judgment, subject the Seller to risk of liability or otherwise violate any applicable Law.

Section 7.3 Filings; Commercially Reasonable Efforts to Close.

(a) In addition to the obligations set forth in Sections 2.5, 2.6, 2.7, 2.8 and 2.11 from the date hereof until the Closing Date, the Seller and the Purchaser shall (and shall cause their respective Affiliates to, as applicable), as promptly as practicable, (i) use commercially reasonable efforts to obtain all Consents of, make all filings with and give all notices to any Governmental Body or any other Person required in order to consummate the Contemplated Transactions, including all Required Consents; (ii) provide such other information and communications to any such Governmental Body or other Persons as such Governmental Body or other Persons may reasonably request in connection with the activities listed in this Section 7.3; and (iii) reasonably cooperate with each other to perform their respective obligations under this Section 7.3. The Parties will provide prompt notification to each other when any such Consent, filing or notice referred to in clauses (i) and (ii) above is obtained, taken, made or given, as applicable, will keep each other reasonably informed as to the progress of any such actions and will advise each other of any communications (and, unless precluded by any Law, provide copies of any such communications that are in writing) with any Governmental Body or other Person regarding any of the Contemplated Transactions. In furtherance of the foregoing covenants, any filings with and notices to any Governmental Body or any other Person shall be submitted or made as soon as practicable, but in no event later than January 15, 2010 for filings with FERC, and the Parties shall request expedited treatment of such filings, shall promptly make any appropriate or necessary subsequent or supplemental filings and shall cooperate in the preparation of such filings as is reasonably necessary and appropriate.

(b) Notwithstanding anything else to the contrary herein, each of the Seller and the Purchaser shall (and shall cause their respective Affiliates to, as applicable) use commercially reasonable efforts (except to the extent a different standard is expressly provided for in this Agreement) to consummate the Contemplated Transactions.

(c) The Seller and the Purchaser shall each pay 50% of any consideration payable to Third Parties or filing, recordation or similar fees arising, in each case, in connection with the actions undertaken pursuant to Section 2.7, 2.8, 2.9, 2.11, or 7.6; provided, however, that the foregoing shall not apply to any Governmental Authorizations that are specifically required by Purchaser to consummate the Contemplated Transactions.

(d) Subject to the other terms and conditions hereof, the Purchaser acknowledges that certain Consents required in connection with certain Trading Contracts and/or Transferred Contracts may not have been obtained prior to the Closing Date. Except with respect to obligations of the Seller set forth in Sections 2.7, 2.8, 2.9, and this 7.3, the Purchaser agrees that the Seller shall otherwise not be subject to Liability hereunder for the failure to obtain any Consent or the termination of any Trading Contract or Transferred Contract as a result of the Contemplated Transactions.

(e) Notwithstanding anything else herein to the contrary, the Seller and the Purchaser agree that, in the event that any Consent or Governmental Authorization that is necessary or desirable to preserve for the Business any right or benefit under any Transferred Assets is not obtained prior to the Closing Date, the Seller will, subsequent to the Closing Date, use commercially reasonable efforts to obtain, or cooperate with the Purchaser in obtaining, such Consent or Governmental Authorization as promptly thereafter as practicable.

Section 7.4 Retention of and Access to Records.

(a) After the Closing Date, the Seller shall (and shall cause its Affiliates to) provide the Purchaser and its Representatives reasonable access to such books and records, or portions thereof, relating in any manner to the Transferred Assets during normal business hours and on reasonable notice, for any reasonable business purpose, including to enable them to prepare financial statements or Tax Returns, deal with Tax audits or as they may otherwise reasonably request. Notwithstanding anything in this Section 7.4(a), the Seller and its Affiliates will only be required to deliver to the Purchaser the portions of such books and records that relate primarily to the Transferred Assets and may redact any statements or other information on the portions of such books and records that do not relate to the Transferred Assets (subject to the Seller's right to redact information unrelated to the Transferred Assets). Notwithstanding anything in this Section 7.4(a), the Seller will not be required to permit access to or furnish Tax Returns, books, records, contracts, documents, information or data relating to Taxes to the extent that such Taxes do not relate exclusively to the Transferred Assets. Such access will be afforded during normal business hours by the Party in possession of the books and records upon receipt of reasonable advance notice, but (a) any review of books and records will be conducted in such a manner as not to interfere unreasonably with the operation of the business of any Party or its Affiliates, (b) no Party will be required to take any action which would constitute a waiver of the attorney-client privilege, and (c) no Party need supply the other Party with any information which that Party is under a contractual or other legal obligation not to supply.

(b) After the seventh (7th) anniversary of the Closing Date (or such later date as may be required under Laws applicable to the Purchaser or Purchaser's document retention policies), the Seller or its Affiliates may elect to destroy any books and records described in Section 7.4(a). The Purchaser shall, prior to the seventh (7th) anniversary of the Closing Date or thereafter during the effective term of the requirements under this Section 7.4(b), advise the Seller as to the Law referred to in the immediately preceding sentence.

Section 7.5 Further Assurances.

(a) The Parties shall (and shall cause their respective Affiliates to, as applicable) cooperate reasonably with each other and with their respective Representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and, subject to any restrictions set forth in Section 7.2, shall furnish upon request to each other such further information as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Contemplated Transactions.

(b) Subject to the terms and conditions of this Agreement, at any time or from time to time after the date of this Agreement, at any Party's reasonable request and without further consideration, each Party shall do all acts and things as may be necessary or desirable and are within its control to carry out the intent of this Agreement and the Related Agreements, including executing and delivering further instruments of sale, transfer, conveyance, assignment, novation, confirmation or other documents that may be reasonably required and providing additional materials and information.

(c) Both after the date hereof and after the Closing Date, each of the Seller and the Purchaser shall use commercially reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary, proper or advisable under applicable Law, and to execute and deliver such documents and other papers, as may be necessary or appropriate to carry out the terms and conditions of this Agreement and to consummate the Contemplated Transactions, including obtaining any and all outstanding Required Consents.

(d) The Parties shall (and shall cause their respective Affiliates to, as applicable) use commercially reasonable efforts in connection with the steps required to be taken to effectuate any leasing arrangements required hereby.

Section 7.6 Transition Plans.

(a) Within five (5) Business Days after the date of this Agreement, the Seller and the Purchaser shall form one or more joint transition teams to plan for and perform the various activities set forth in this Section 7.6, as well as other activities that are to be performed between the date of this Agreement and Closing.

(b) With respect to each Financial Assurance relating to any Transferred Asset, the Purchaser shall use commercially reasonable efforts, with the assistance of the Seller and its Affiliates as reasonably requested by the Purchaser, to (i) cause IEG and its Affiliates to be released from any such Financial Assurances, including obtaining waivers and Consents from any applicable Persons to replace any such Financial Assurances with appropriate Financial Assurances from the Purchaser and/or Purchaser Parent and (ii) to perform the actions required by Section 2.8(b).

Section 7.7 Confidentiality.

(a) Unless and until the Contemplated Transactions have been consummated, the Purchaser and Seller will abide by the Confidentiality Agreement. If the Contemplated Transactions are consummated, the Confidentiality Agreement will no longer apply to Confidential Information related solely to the Transferred Assets, but will continue in full force and effect with respect to all other Confidential Information.

(b) From and after the Closing, the Seller shall treat as confidential and shall safeguard any and all information, knowledge and data relating to the Transferred Assets in its possession by using the same degree of care, but no less than a reasonable standard of care, to prevent the unauthorized use, dissemination or disclosure of such information, knowledge and data as the Seller used with respect thereto prior to the date hereof, it being understood that the Seller may disclose such information (i) to the extent required to comply with Law, the rules of any exchange or pursuant to regulatory request; provided, that the Seller shall provide as much prior written notice to the Purchaser of such disclosure as is practical under the circumstances and shall seek to limit such disclosure, and (ii) to its representatives and advisors to the extent that such representatives and advisors have a reasonable basis to know such information in connection with any services or work to be performed for or on behalf of the Seller.

(c) From and after the Closing, the Purchaser shall treat as confidential and shall safeguard any and all information, knowledge or data included in any information relating to the business of the Seller and its Affiliates and the Transferred Assets that becomes known to the Purchaser as a result of the Contemplated Transactions except as otherwise agreed to by the Seller in writing by using the same degree of care, but no less than a reasonable standard of care, to prevent the unauthorized use, dissemination or disclosure of such information, knowledge and data as the Purchaser uses with respect to its own information, knowledge and data, it being understood that the Purchaser may disclose such information (i) to the extent required to comply with Law, the rules of any exchange or pursuant to regulatory request; provided, that the Purchaser shall provide as much prior written notice to the Seller of such disclosure as is practical under the circumstances and shall seek to limit such disclosure, and (ii) to its representatives and advisors to the extent that such representatives and advisors have a reasonable basis to know such information in connection with any services or work to be performed for or on behalf of the Purchaser.

(d) The Purchaser and the Seller acknowledge that the confidentiality obligations set forth in this Section 7.7 shall not extend to information, knowledge and data that is publicly available or becomes publicly available through no act or omission of the party owing a duty of confidentiality, or is or becomes available on a non-confidential basis from a source other than the party owing a duty of confidentiality so long as such source is not known by such party to be bound by a confidentiality agreement with, or other obligations of secrecy to, the other party.

(e) In the event of a breach of the obligations hereunder by the Purchaser or the Seller, the other party, in addition to all other available remedies, shall be entitled to injunctive relief to enforce the provisions of this Section 7.7 in any court of competent jurisdiction.

Section 7.8 Related Agreements. Each of the Seller and the Purchaser agrees that it shall, and shall cause their respective Affiliates to, as applicable, enter into and deliver, at or prior to the Mirror Effective Date or the Closing Date, as applicable, each of the Related Agreements, to which it or its Affiliates is intended to be a party.

Section 7.9 Non-Competition

(a) Each of the Seller and IEG agrees that for a period of thirty-six (36) calendar months beginning at the Closing (the "Restricted Period"), none of the Seller, IEG or any of their Affiliates, whether or not a party to this Agreement or any Related Agreement, shall offer, participate through ownership or engage, either directly or indirectly, in the sale or marketing of wholesale electricity in the United States, or otherwise operate, control or manage, either directly or indirectly, any business substantially similar to the Business (the "Restricted Business").

(b) Notwithstanding the foregoing, this Section 7.9 shall not operate to prevent or restrict:

(i) the regulated public utility Affiliates of each of the Seller and IEG that are identified on Schedule 7.9;

(ii) the Seller, IEG or their Affiliates from managing, servicing, operating, using or otherwise transacting business with any of the Excluded Assets or Excluded Transactions;

(iii) any Person or Persons acquiring any of the Seller, IEG or their respective Affiliates by merger, consolidation, amalgamation, share purchase or purchase of substantially all of the assets of the Seller, IEG or any such Affiliates where such Person was not, prior to such acquisition, an Affiliate of the Seller or IEG, as the case may be;

(iv) the Seller, IEG and their Affiliates from purchasing or selling wholesale electricity, or related hedge positions, in connection with (A) the generation facilities owned by the Seller, IEG or their Affiliates, and (B) the retained retail electricity business

encompassed by the Excluded Assets; provided, that the primary purpose of the Seller, IEG or any of their Affiliates in conducting such activity is not to compete with the Restricted Business;

(v) the direct or indirect acquisition by the Seller, IEG or any of their Affiliates (through acquisition, merger or other strategic transaction) of an interest in any Person that engages in the Restricted Business; provided, that the primary purpose of the Seller, IEG or any of their Affiliates in conducting such activity is not to complete with the Restricted Business; and

(c) The Restricted Period shall be extended by the length of any period during which the Seller, IEG or its Affiliates are in breach of the terms of this Section 7.9.

(d) As a separate and independent covenant of each of the Seller and IEG, for a period of one (1) year following the Effective Date, each of the Seller and IEG shall, and shall cause their respective Affiliates not to, (i) employ or receive or accept the performance of services by any Purchaser Key Employee, or (ii) solicit for employment any Purchaser Key Employee; provided, that clause (i) or (ii) shall not limit the Seller's, IEG's or their respective Affiliates' ability to engage in general solicitations of employment not targeted at Purchaser Key Employees or employing an individual who contacts Seller, IEG or their respective Affiliates on his or her own initiative.

(e) Each of the Seller and IEG acknowledges and agrees that its obligations set forth in this Section 7.9 are an essential element of this Agreement and that, but for the agreement of the Seller and IEG in this Section 7.9, the Purchaser would not have entered into this Agreement. Each of the Seller, IEG and the Purchaser acknowledges and agrees that the undertakings of the Seller and IEG in this Section 7.9 constitute an independent covenant of the Seller and IEG and shall not be affected by the performance or nonperformance by any Party hereto of any other term or provision of this Agreement. Each of the Seller, IEG and the Purchaser acknowledges that it has consulted with its own counsel with regard to this Section 7.9 and, after such consultation, agrees that the obligations of the Seller and IEG set forth in this Section 7.9 are reasonable and proper, have been negotiated fully and fairly and represent an agreement based on the totality of the Contemplated Transactions.

Section 7.10 Notice of Material Developments. Prior to the Closing Date, the Purchaser and the Seller shall use commercially reasonable efforts to communicate promptly with each other about material events, circumstances, facts and occurrences relating to the Transferred Assets and arising subsequent to the date hereof; provided, however, that no such notification shall otherwise affect in any manner the liability of such party hereunder, including with respect to indemnification.

Section 7.11 The Seller's Employees.

(a) No later than thirty (30) Business Days prior to the Closing, the Purchaser will give a Qualifying Offer of employment to each of the employees of the Seller that Purchaser identifies on a Schedule to be provided to Seller by Purchaser not later than the Mirror Effective Date; provided, however, that each such Qualifying Offer shall be subject to the customary hiring policies and procedures of the Purchaser, including, but not limited to, appropriate screening procedures, as applicable. Each such person who becomes employed by the Purchaser pursuant to this Section 7.11 is referred to herein as a "Transferred Employee". For purposes hereof, a "Qualifying Offer" means an offer that provides for employment with the Purchaser or one of its Affiliates commencing on the Closing Date. All of such Qualifying Offers shall be made in accordance with applicable Laws, and shall remain open for a period expiring no earlier than five (5) Business Days prior to the Closing Date. Any such offer which is accepted before it expires shall thereafter be irrevocable, except for good cause. Following acceptance of such offers, the Purchaser will provide written notice thereof to the Seller.

(b) The Purchaser, for a period of one (1) year following the Effective Date, shall, and shall cause its Affiliates not to, (i) employ or receive or accept the performance of services by any employee of the Seller or any of its Affiliates (other than the Transferred Employees), or (ii) solicit for employment any employee of the Seller or any of its Affiliates; provided, that clause (i) or (ii) shall not limit the Purchasers or it Affiliates' ability to engage in general solicitations of employment not targeted at such employees of the Seller or any of its Affiliates or employing an individual who contacts the Purchaser or its Affiliates on his or her own initiative.

ARTICLE VIII
TERMINATION

Section 8.1 Termination. This Agreement may be terminated prior to the Closing solely as follows:

(a) by mutual written consent of the Seller and the Purchaser;

(b) after October 31, 2010, by the Seller or the Purchaser by not less than five (5) Business Days prior written notice to the other Party (if the terminating Party is not, at such time, in material breach of this Agreement which breach has caused the Closing not to occur prior to such date), if the Closing has not occurred on or before the date such notice is given; or

(c) if the Seller or the Purchaser fails in any material respect to perform or comply with any covenant hereunder or under any Related Agreement to be performed or complied with on or prior to the Closing Date or any representation or warranty made or deemed made by the Seller or the Purchaser proves to be incorrect or misleading in any material respect when made or deemed made and as a result thereof the non-defaulting Party would not under the terms of this Agreement be obligated to consummate the Closing, then, in each case, upon twenty (20) Business Days written notice from the non-defaulting Party (unless the defaulting

Party shall have cured, within such twenty (20) Business Day period, the condition giving rise to such notice in a manner that would cause the conditions to Closing of this Agreement to be satisfied, in which case, this Agreement shall continue in effect notwithstanding any such notice or,); or

(d) by either Party immediately upon the occurrence of an Insolvency Event with respect to the other Party or the Person guaranteeing the obligations of such Party; or

(e) by the Purchaser if on any date the sum of all payments made pursuant to Section 2.6 either to the Purchaser or to the Seller aggregate to (i) $7,500,000 or (ii) $7,500,000 *plus* any multiple of $1,000,000 (e.g., $8,500,000, $9,500,000) (in each instance, a "Misbooking Trigger Date") upon written notice to the Seller within the earlier of five (5) Business Days following the relevant Misbooking Trigger Date and one (1) Business Day before Closing.

Section 8.2 Termination Fee; Sole and Exclusive Remedy. In the event this Agreement is terminated pursuant to Section 8.1(c) or (d), in addition to any amounts payable by either Party pursuant to Sections 2.9, 2.10 and 2.11, the Defaulting Party with respect to such termination shall pay to the Non-Defaulting Party, within five (5) Business Days of the date of termination of this Agreement, the Termination Fee by wire transfer in immediately available funds to the account or accounts designated by the Non-Defaulting Party. Each of the Seller and the Purchase hereby expressly acknowledge, agree and stipulate that (i) the Termination Fee represents compensation for costs and losses associated with the termination of this Agreement and the failure to consummate the Contemplated Transactions, which costs and losses are difficult or impossible to ascertain with any certainty, including costs and losses relating, but not limited, to hedging costs, attorneys fees, other professional services fees, costs of capital and opportunity costs related to the Transferred Assets, but particularly to the Transferred Contracts and Other Assets, (ii) the amount of the Termination Fee, in addition to any amounts payable by either Party pursuant to Sections 2.9, 2.10 and 2.11, constitutes a reasonable approximation of the costs and losses to the Non-Defaulting Party as a result of termination of this Agreement and the failure to consummate the Contemplated Transactions, (iii) it hereby waives its right to contest the payment or amount the Termination Fee, including on the grounds that the payment of the Termination Fee constitutes a penalty or otherwise, (iv) except in the case of fraud, willful breach or willful misconduct, the payment of the Termination Fee by the Defaulting Party constitutes, together with any amounts payable by either Party pursuant to Sections 2.9, 2.10 and 2.11, the sole and exclusive remedy available to the Non-Defaulting Party for any breach or default under this Agreement or any Related Agreement. For the avoidance of doubt, the remedy of specific performance set forth in Section 10.11 shall not be available to any Party upon termination of this Agreement and payment of the Termination Fee in accordance with this Section 8.2.

Section 8.3 Effect of Termination.

(a) In the event this Agreement is terminated pursuant to Section 8.1, all further obligations of the Parties hereunder shall terminate and this Agreement shall become null and void and of no further force and effect, except with respect to Section 2.9(b), Section 2.10(b), Section 2.11(b), Section 8.2, this Section 8.3 and Article X and except that nothing in this Section 8.3 shall relieve any Party from liability for any breach of this Agreement that arose prior to such termination, for which liability the provisions of Article IX shall remain in effect in accordance with the provisions and limitations of such Article. Such termination shall not relieve any Party of any Liability for any intentional breach of this Agreement or fraud prior to such termination. The provisions of the Confidentiality Agreement shall survive termination of this Agreement for a period of two (2) years from the date of termination.

(b) Any payments to be made between the Parties pursuant to (i) this Agreement, including any payments to be made pursuant to Sections 2.9(b), 2.10(c), 2.11(b), and 8.2, (ii) the Guarantee Agreements, (iii) the Supply Trade Agreements, (iv) the Mirror Confirm, and (v) the MCP-IES ISDA Master Agreement as it relates to Section 2.16, may be made on a net basis, with the Party owing the greater amount paying to the Party owing the lesser amount the difference between such amounts; provided, in calculating any such payment on a net basis, such calculation shall be performed by, first, calculating the payments to be made on a net basis with respect to each agreement individually and, second, by calculating the payment to be made on a net basis among all the foregoing agreements collectively; provided, however, that the foregoing provision shall not apply to any rights, claims or payments made, owing or relating to the terms and conditions set forth in Article IX.

ARTICLE IX
INDEMNIFICATION

Section 9.1 Survival.

(a) All covenants and other agreements in this Agreement to be performed after the Closing shall survive the Closing until so performed. All representations and warranties in this Agreement shall survive the Closing for a period of eighteen (18) months after the Closing Date; provided, however, that the representations and warranties set forth in Sections 3.2, 3.3, 3.4, 3.6 and 3.8 shall survive the Closing for a period of three (3) years after the Closing Date.

(b) Subject to Section 9.1(c), the Seller shall not be liable for the exacerbation of any Losses with respect to any claim, action or Proceeding in connection with this Agreement unless the Seller receives from the Purchaser written notice (i) as soon as reasonably practicable after the Purchaser becomes aware of such claim, action or Proceeding, and (ii) containing specific details of the claim, action or Proceeding, including the Purchaser's estimate, or for a claim, action or Proceeding with respect to Taxes, the Purchaser's estimate resulting from its best efforts, on a without prejudice basis, in each case, of the amount at issue with respect to such the claim, action or Proceeding.

(c) Notwithstanding anything to the contrary herein, the Seller shall not be liable for any Losses with respect to any claim, action or Proceeding in connection with this Agreement unless the Seller receives from the Purchaser written notice prior to the expiration of the applicable survival period set forth in Section 9.1(a) with respect to any claim for indemnification pursuant to Section 9.2(a).

Section 9.2 Indemnification by Seller

From and after the Closing Date, the Seller shall indemnify and hold the Purchaser and each of its Affiliates, directors, shareholders, officers and employees (collectively, the "Purchaser Group"), harmless from and against Losses imposed upon or incurred by any of them which arise out of:

(a) any misrepresentation or inaccuracy of a representation or warranty made by the Seller in this Agreement, pursuant to any certificate delivered by the Seller pursuant hereto or as may be made by the Seller in any Related Agreements;

(b) any breach or non-fulfillment of any covenant or agreement on the part of the Seller or its Affiliates in this Agreement or any Related Agreement to which it is a party, as the case may be;

(c) any (A) Liabilities for Successor Liability Taxes or any other Taxes with respect to any of the Transferred Assets or the Business, in each case related to a Tax period (or portion of any period) which ends, with respect to each Transferred Asset or the Business, on or before the earlier of (i) the date that such Transferred Asset or the Business is novated (if applicable), and (ii) the date that such Transferred Asset or the Business is treated by the Law imposing such Taxes as transferred from the Seller to the Purchaser, or (B) liability of the Seller for Transfer Taxes pursuant to Section 10.3(a); and

(d) the Excluded Assets, the Excluded Transactions and the Excluded Liabilities.

Section 9.3 Indemnification by Purchaser. From and after the Closing Date, the Purchaser shall indemnify and hold the Seller and each of its Affiliates, directors, shareholders, officers and employees (the "Seller Group"), harmless from and against Losses imposed upon or incurred by any of them which arise out of:

(a) any misrepresentation or inaccuracy of a representation or warranty made by the Purchaser in this Agreement, pursuant to any certificate delivered by the Purchaser pursuant hereto or as may be made by the Seller in any Related Agreements;

(b) any breach or non-fulfillment of any covenant or agreement on the part of the Purchaser in this Agreement;

(c) any (A) Liabilities for any Taxes with respect to the Transferred Assets or the Business, in each case related to a Tax period (or portion of any period) which begins, with respect to each Transferred Asset or the Business, after the earlier of (i) the date that such Transferred Asset or the Business is novated (if applicable), and (ii) the date that such Transferred Asset or the Business is treated by the Law imposing such Taxes as transferred from the Seller to the Purchaser, or (B) liability of the Purchaser for Transfer Taxes pursuant to Section 10.3(a); or

(d) the ownership, possession, use, maintenance, administration, or operation of the Transferred Assets after the Closing; and

(e) the Assumed Liabilities.

Section 9.4 Indemnification Procedures.

(a) **Asserting a Claim**. Without limiting the provisions of Section 9.1, if a Party (an "Indemnified Party") wishes to assert a claim for indemnification against the other Party (the "Indemnifying Party"), the Indemnified Party shall give notice to the Indemnifying Party, setting forth with particularity the basis for the claim, promptly after the Indemnified Party becomes aware of any fact, condition, or event which gives rise to a Claim for which indemnification may be sought under this Article IX. Failure to notify the Indemnifying Party shall not relieve the Indemnifying Party of liability it may have to the Indemnified Party, except to the extent that the Indemnifying Party has been materially prejudiced by such failure and except that nothing in this Agreement shall be deemed to extend the time limits set forth in Section 9.1. Each Indemnified Party shall use commercially reasonable efforts to mitigate Losses for which it seeks indemnification under this Article IX.

(b) **Third Party Claims**. If any lawsuit, enforcement action, demand or claim is brought or made by any other Person (a "Third Party Claim") against an Indemnified Party is the basis for an indemnification claim pursuant to Section 9.2 or Section 9.3, the Indemnifying Party shall be entitled, if it so elects, to take control of the defense and investigation of the Third Party Claim and to employ and engage attorneys of its own choice reasonably acceptable to the Indemnified Party to handle and defend the Third Party Claim, at the Indemnifying Party's cost, risk and expense. Any election by the Indemnifying Party to take control of the defense and investigation of a Third Party Claim shall not be deemed a waiver of the Indemnifying Party's right to determine at a later date that the Third Party Claim is not entitled to indemnification under this Agreement, in which case Indemnifying Party may, in the exercise of its sole discretion, determine not to continue to defend that Third Party Claim and any action taken by the Indemnifying Party in connection with that determination shall be undertaken in a manner so as not to materially prejudice the defense or the rights of the Indemnified Party. The Indemnified Party shall cooperate with the Indemnifying Party so as to minimize the risk of any such prejudice. The Indemnified Party shall cooperate in all reasonable respects with the Indemnifying Party and such attorneys in the investigation, trial and defense of any Third Party Claim and any resulting appeal, which shall include: (a) furnishing such records, information and testimony, and

attending such conferences, discovery proceedings, hearings, trials and appeals, as reasonably may be requested in connection with the Third Party Claim, (b) affording access during normal business hours to the Indemnifying Party to, and reasonable retention by the Indemnified Party of, records and information which are reasonably relevant to the Third Party Claim, and (c) making its employees available on a mutually convenient basis to provide additional information and explanation of any material provided to the Indemnifying Party under this Agreement. The Indemnified Party nevertheless may, at its own cost, participate in the investigation, trial and defense of such Third Party Claim or any resulting appeal.

Section 9.5 Settlement or Compromise of Third Party Action; Failure to Assume Defense. If the Indemnifying Party has assumed control of the defense of a Third Party Claim pursuant to Section 9.4, the Indemnifying Party may consent to a settlement or compromise of, or the entry of any monetary judgment arising from the Third Party Claim without the prior consent of the Indemnified Party if, and only if, the proposed settlement, compromise or entry (a) does not contain an admission of guilt or wrongdoing on the part of the Indemnified Party, and (b) does not provide for any remedy or sanction against the Indemnified Party other than the payment of money which the Indemnifying Party agrees to pay and does pay. If the Indemnifying Party does not assume the defense of the Third Party Claim in accordance with Section 9.4 within twenty (20) Business Days after the receipt of notice of the Third Party Claim, the Indemnified Party may, at the Indemnifying Party's expense, defend the Third Party Claim, but may settle or compromise the Third Party Claim only with the consent of the Indemnifying Party.

Section 9.6 Adjustment to Purchase Price. Amounts paid with respect to indemnification pursuant to Section 9.2(a) or Section 9.3(a) shall be treated as an adjustment to the Purchase Price.

Section 9.7 General Limitations.

(a) **Basket**. Except in the case of (i) fraud, willful breach or willful misconduct, (ii) Liability for Taxes that are the responsibility of the Seller, and (iii) as provided in Section 10.11, the Seller shall not be liable to any member of the Purchaser Group under Section 9.2(a), and the Purchaser shall not be liable to any member of the Seller Group under Section 9.3(a) unless and until the aggregate cumulative amount of all such Losses exceeds one million dollars ($1,000,000.00), and then shall be liable only to the extent of such excess; provided, however, that the limitation pursuant to this Section 9.7(a) shall not apply (i) to any adjustment to the Purchase Price occurring pursuant to the terms and provisions of Article II, including without limitation with respect to any Misbooking and Identified Transactions, or (ii) to any claim for indemnification arising from a breach of Section 3.2, 3.3, 3.4 or 3.6.

(b) **Cap**. Except in the case of (i) fraud, willful breach or willful misconduct, (ii) Liability for Taxes that are the responsibility of the Seller, and (iii) as provided in Section 10.11, in no event shall the aggregate cumulative amount of the Seller's Liabilities under Section 9.2(a),

or the Purchaser's Liabilities under Section 9.3(a), exceed twenty-five million dollars ($25,000,000.00); provided, however, that the limitation pursuant to this Section 9.7(b) shall not apply (i) to any adjustment to the Purchase Price occurring pursuant to the terms and provisions of Article II, including without limitation with respect to any Misbooking and Identified Transactions, or (ii) to any claim for indemnification arising from a breach of Section 3.2, 3.3, 3.4, 3.6, 3.9, 3.12 or 3.13.

(c) **Limitation**. NOTWITHSTANDING ANYTHING TO THE CONTRARY ELSEWHERE IN THIS AGREEMENT OR PROVIDED FOR UNDER ANY APPLICABLE LAW, NO PARTY WILL, IN ANY EVENT, BE LIABLE, EITHER IN CONTRACT OR IN TORT, FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, SPECIAL, OR PUNITIVE DAMAGES, INCLUDING LOSS OF FUTURE REVENUE, INCOME, OR PROFITS, DIMINUTION OF VALUE, OR LOSS OF BUSINESS REPUTATION OR OPPORTUNITY, RELATING TO THE BREACH OR ALLEGED BREACH OF THIS AGREEMENT OR OTHERWISE, WHETHER OR NOT THE POSSIBILITY OF SUCH DAMAGES HAS BEEN DISCLOSED IN ADVANCE OR COULD HAVE BEEN REASONABLY FORESEEN ("Non-Reimbursable Damages").

(d) **Collateral Sources**. In calculating the amount of Losses for which an Indemnified Party is entitled to indemnification under Section 9.2(a) or Section 9.3(a), as applicable, the amount of Losses shall be reduced by (a) any insurance proceeds actually received by the Indemnified Party from an insurance carrier with respect to those Losses, provided that if the Indemnified Party fails to either diligently pursue any such insurance proceeds reasonably available to it or assign a valid right to the Indemnifying Party to pursue such insurance proceeds, the Indemnifying Party's obligation shall be reduced by the amount of insurance proceeds that would have been reasonably available to and obtainable by the Indemnified Party, (b) any amounts actually received by the Indemnified Party from Third Parties with respect to Losses pursuant to indemnification, warranty or other similar rights, provided that if the Indemnified Party fails to diligently pursue such rights, the Indemnifying Party's obligation shall be reduced by the amounts available to the Indemnified Party, and (c) Tax benefits. If any Losses for which indemnification is provided under Section 9.2(a) or Section 9.3(a), as applicable, subsequently are reduced by any insurance payment or recovery from a Third Party or loss of Tax benefits, the Indemnified Party promptly shall remit the amount of such reduction to the Indemnifying Party.

(e) **Duty to Mitigate Losses**. Each Indemnified person shall use its commercially reasonable efforts to mitigate any indemnifiable Losses.

(f) **Additional Limitations.** Neither Indemnifying Party shall have any indemnification obligations under this Article IX to the extent that, as a result of any gross negligence or willful misconduct of an Indemnified Party after the Closing Date, the amount of Losses subject to indemnification by such Indemnifying Party is exacerbated.

Section 9.8 Exclusive Remedies. Except in the case of fraud, willful breach and willful misconduct, and except as provided in Section 10.11, the Seller and the Purchaser acknowledge and agree that, from and after the Closing, the sole and exclusive remedy for any breach or inaccuracy, or alleged breach or inaccuracy, of any representation or warranty in this Agreement, any certificate delivered pursuant hereto, as the case may be, or any Related Agreement or any covenant or agreement to be performed under this Agreement or any Related Agreement on or prior to the Closing Date, will be indemnification in accordance with this Article IX. In furtherance of the foregoing, the Seller and the Purchaser waive, to the fullest extent permitted by applicable Law, any and all other rights, claims, and causes of action (including rights of contributions, if any) that may be based upon, arise out of, or relate to this Agreement or any such certificate or Related Agreement, or the negotiation, execution, or performance of this Agreement or any Related Agreement (including any tort or breach of contract claim or cause of action based upon, arising out of, or related to any representation or warranty made in or in connection with this Agreement or any Related Agreement or as an inducement to enter into this Agreement or any Related Agreement), known or unknown, foreseen or unforeseen, which exist or may arise in the future, that it may have against the other arising under or based upon any Law (including any such Law under or relating to environmental matters), common law, or otherwise.

Section 9.9 Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner, stockholder, affiliate, agent or Representative of the Seller or the Purchaser, respectively, or their respective Affiliates, shall have any Liability for any obligations or Liabilities of Seller under this Agreement or the other documents delivered by the Seller or the Purchaser in connection with this Agreement, of or for any claim based on, in respect of, or by reason of, the Contemplated Transactions.

ARTICLE X
GENERAL PROVISIONS

Section 10.1 Expenses. Except as otherwise expressly provided in this Agreement (including in Section 7.3(c)), whether or not the Contemplated Transactions are consummated, the Parties shall bear their own costs and expenses in connection with the preparation, negotiation and execution of this Agreement and the Related Agreements and the consummation of the Contemplated Transactions.

Section 10.2 Public Announcements and Confidentiality. None of the Parties nor their respective Subsidiaries or Affiliates, as the case may be, shall issue or cause the publication of this Agreement, any Related Agreement or any press release or other public announcement or communication with respect to the Contemplated Transactions without the prior written consent of the other Parties hereto, which consent shall not be unreasonably withheld or withdrawn, except to the extent a Party's counsel deems necessary or advisable in order to comply with any Law or the regulations or policies of any securities exchange or other similar regulatory body (in which case the disclosing Party shall give the other Parties notice as is reasonably practicable of

any required disclosure, shall limit such disclosure to the information required to comply with such Law or regulations, and shall use commercially reasonable efforts to accommodate any suggested changes to such disclosure from the other Parties to the extent reasonably practicable).

Section 10.3 Tax Matters.

(a) Notwithstanding any provision of this Agreement to the contrary, the Purchaser and the Seller shall each pay one-half of all Transfer Taxes incurred in connection with this Agreement and the Contemplated Transactions. The Seller and the Purchaser shall cooperate in timely making all filings, Tax Returns, reports and forms as may be required to comply with the provisions of Tax Laws. For purposes of this Agreement, "Transfer Taxes" shall mean all transfer, sales and use, stamp duty, stamp duty reserve tax, documentary, registration and other such taxes (including all applicable real estate transfer taxes).

(b) Within sixty (60) days of the Closing Date, the Seller shall prepare a draft allocation of the consideration paid for the Transferred Assets among the Transferred Assets, which allocation will also include a determination as to the total gross value of all Transferred Assets that have a positive value, and a determination as to the total gross value of all Transferred Assets that have a negative value (the "Draft Allocation"). The Purchaser shall have sixty (60) days after receipt of the Draft Allocation to object in writing to the Draft Allocation. If the Purchaser does not object to the Draft Allocation within such 60-day period, the Draft Allocation shall become final (the "Final Allocation"). If the Purchaser objects to the Draft Allocation in writing within such 60-day period, the Seller and the Purchaser shall attempt in good faith to resolve the disputed items in the Draft Allocation, and any such resolution shall constitute the Final Allocation. If, within thirty (30) days after the Purchaser has objected in writing to the Draft Allocation, the Parties have not resolved all disputed items with respect to the Draft Allocation, the remaining disputed items shall be resolved by a nationally recognized accounting firm, and its resolution shall constitute the Final Allocation. The Seller and the Purchaser (1) shall be bound by the Final Allocation for purposes of determining any and all consequences with respect to Taxes of the Transferred Assets, (2) shall prepare and file all Tax Returns to be filed with any taxing authority in a manner consistent with the Final Allocation, and (3) shall take no position inconsistent with the Final Allocation in any Tax Return, in any discussion with or Proceeding before any taxing authority, or otherwise.

(c) To the extent necessary to determine the liability for Taxes for a portion of a taxable year or period that begins before and ends after the Closing Date, the determination of the Taxes for the portion of the year or period ending on, and the portion of the year or period beginning after, the Closing Date shall be determined by assuming that the taxable year or period ended as of the close of business on the Closing Date, except that those annual property taxes and exemptions, allowances or deductions that are calculated on an annual basis shall be prorated on a time basis.

Section 10.4 Notices. All notices, Consents, waivers and other communications required or permitted by this Agreement shall be in writing and shall be deemed given to a Party when (a) delivered to the appropriate address by hand or by nationally recognized overnight courier service (costs prepaid), (b) sent by facsimile or e-mail with confirmation of transmission by the transmitting equipment or (c) received or rejected by the addressee, if sent by certified mail, return receipt requested, in each case to the following addresses, facsimile numbers or e-mail addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, e-mail address or person as a Party may designate by notice to the other Parties):

If to the Seller:

Integrys Energy Services, Inc.
1716 Lawrence Drive
De Pere, WI 54115
Attention: Daniel J. Verbanac, COO
Facsimile: (920) 617-6070

With copies to:

Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202
Attention: Allen W. Williams, Jr.
Jason W. Allen
Facsimile: (414) 297-4900

If to the Purchaser:

Macquarie Cook Power Inc.
One Allen Center
500 Dallas Street, Suite 3100
Houston, TX 77002
Attention: Benjamin Preston
Telephone: +1-713-275-6142
Facsimile: +1-713-275-6115

With a copy to:

Macquarie Cook Power Inc.
One Allen Center
500 Dallas Street, Suite 3100

Houston, TX 77002
Attention: Patricia Jones, Legal Risk Management
Telephone: +1-713-275-6107
Facsimile: +1-713-275-6115

If to IEG:

Integrys Energy Group, Inc.
700 North Adams Street
Green Bay, WI 54301
Attention: Barth J. Wolf, Vice President, Chief Legal Officer and Secretary
Facsimile: (920) 433-1526

With copies to:

Foley & Lardner LLP
777 East Wisconsin Avenue
Milwaukee, WI 53202
Attention: Allen W. Williams, Jr.
Jason W. Allen
Facsimile: (414) 297-4900

Section 10.5 Governing Law; Submission to Jurisdiction; Selection of Forum; Waiver of Trial by Jury. THE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW TO THE EXTENT THAT SUCH PRINCIPLES WOULD PERMIT OR REQUIRE THE APPLICATION OF LAWS OF ANOTHER JURISDICTION. Each Party hereto agrees that it shall bring any action or Proceeding in respect of any claim arising out of or related to this Agreement or the transactions contained in or contemplated by this Agreement and the Related Agreements, exclusively in the United States District Court for the Southern District of New York (or if subject matter jurisdiction before the federal court does not exist, then before the New York State Supreme Court for the Borough of Manhattan, in New York, New York) (the "Chosen Courts"), and solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement or any of the Related Agreements (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or Proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any Party hereto and (iv) agrees that service of process upon such Party in any such action or Proceeding shall be effective if notice is given in accordance with Section 10.4 of this Agreement. Each Party hereto irrevocably

designates C.T. Corporation as its agent and attorney in fact for the acceptance of service of process and making an appearance on its behalf in any such claim or Proceeding and for the taking of all such acts as may be necessary or appropriate in order to confer jurisdiction over it before the Chose Courts and each Party hereto stipulates that such consent and appointment is irrevocable and coupled with an interest. Each Party hereto irrevocably waives any and all right to trial by jury in any legal Proceeding arising out of or relating to this Agreement or the Contemplated Transactions.

Section 10.6 Amendment and Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Purchaser and the Seller, or in the case of a waiver, by the Party against whom the waiver is to be effective. No failure or delay by any Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law except as otherwise provided in Article IX hereof.

Section 10.7 Entire Agreement.

(a) This Agreement, together with the Related Agreements, supersedes all prior agreements, whether written or oral, between the Parties with respect to its subject matter (including any letter of intent between the Parties related to the subject matter of this Agreement) and constitutes (along with the Schedules, Exhibits and other documents delivered pursuant to this Agreement) the entire agreement between the Parties with respect to its subject matter except for the Confidentiality Agreement, which shall remain in full force and effect until the Closing.

(b) In the case of any conflict between this Agreement and any of the Related Agreements, the relevant Related Agreement shall prevail except as expressly set forth in such Related Agreement.

Section 10.8 Assignments, Successors and No Third-Party Rights. No Party may, in whole or in part, assign any of its rights or interests or delegate any of its obligations under this Agreement without the prior written consent of both the Purchaser and the Seller, and any attempt to do so will be void; provided, however, that without prior written consent either the Purchaser or the Seller may pursuant to a corporate reorganization assign any of its rights or interests under this Agreement to any Affiliate so long as (a) the assignee is bound by this Agreement, (b) the assignee remains an Affiliate of the Purchaser or the Seller, as the case may be, and (c) such assignment does not prevent or materially impede, interfere with, or delay the Contemplated Transaction, increase the costs to non-assigning Party of the consummation of Contemplated Transaction or result in any Seller or its Affiliates incurring a Tax Liability in excess of the Tax Liability Seller or its Affiliates would otherwise incur without such designation. Subject to the preceding sentence, and except as otherwise expressly provided in

Sections 9.2 and 9.3, this Agreement will apply to, be binding in all respects upon and inure to the benefit of the successors and permitted assigns of the Parties. Nothing expressed or referred to in this Agreement will be construed to give any Person other than the Parties to this Agreement any legal or equitable right, remedy or claim under or with respect to this Agreement or any provision of this Agreement, except such rights as shall inure to a successor or permitted assignee pursuant to this Section 10.8.

Section 10.9 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision, and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 10.10 Execution of Agreement. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by facsimile or e-mail transmission shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes. Signatures of the Parties transmitted by facsimile or e-mail shall be deemed to be their original signatures for all purposes.

Section 10.11 Specific Performance. Subject to Section 8.2, the Parties hereto, including IEG (solely with respect to Section 7.9), acknowledge and agree that irreparable harm for which monetary damages would not be an adequate remedy would occur in the event of a breach of any of the terms or provisions of this Agreement related to effecting the Closing or Section 2.7(a) and (d) (Transferred Contracts; Other Assets), Section 2.8(a) (Trading Contracts), Section 2.9 (Exchange Traded Transactions), Section 2.10 (Mirror Transactions), Section 2.11 (ISO Contracts), Section 7.3 (Filings; Commercially Reasonable Efforts to Close), Section 7.6 (Transition Plans), Section 7.7 (Confidentiality) and Section 7.9 (Non-Competition). Accordingly, the Parties hereto, including IEG, agree that, in addition to other remedies, each of the Parties shall be entitled to specific performance without the necessity of proving the inadequacy of monetary damages as a remedy and to obtain injunctive relief against any such breaches or threatened breaches of this Agreement.

Section 10.12 Disclosures. Prior to the Closing Date, the Seller may, at its option, supplement or amend the Schedules with items that are not material in order to avoid any misunderstanding; provided, however, that any such inclusion, or any references to dollar amounts, shall not be deemed to effectuate an acknowledgment or representation that such items

are material, to establish any standard of materiality, or to define further the meaning of such terms for purposes of this Agreement. Other than with respect to supplements and amendments made in accordance with Section 2.10(b), (i) in the event that the Purchaser reasonably believes that the changes to the Schedules resulting from such supplements and amendments, considered collectively, will cause a closing condition set forth in Section 5.1 to fail to be satisfied, the Purchaser shall have the right to terminate this Agreement upon fifteen (15) Business Days notice from the date of such relevant supplement or amendment pursuant to Article VIII, and (ii) if the Purchaser does not exercise its right pursuant to clause (i) above, any supplement or amendment made pursuant this Section 10.12 shall not diminish, limit or waive the Seller's indemnification obligations under this Agreement.

[Remainder of page left blank intentionally]

IN WITNESS WHEREOF, the Parties have executed this Agreement, all as of the date first above written.

INTEGRYS ENERGY SERVICES, INC.

By: /s/ Mark A. Radtke
Name: Mark A. Radtke
Title: President & CEO

INTEGRYS ENERGY GROUP, INC. (solely with respect to Section 2.13, Section 7.9, and Section 10.11)

By: /s/ Larry L. Weyers
Name: Larry L. Weyers
Title: Executive Chairman

MACQUARIE COOK POWER INC.

By: /s/ Benjamin Preston
Name: Benjamin Preston
Title: Executive Director

By: /s/ Patricia Jones
Name: Patricia Jones
Title: Associate Director

Exhibit A – Form of Assignment and Assumption Agreement

[X]Form Attached[X]

Exhibit B – Form of Bill of Sale

[X]Form Attached[X]

Exhibit C-1 – Form of Bangor Financial Trade Agreement

[X]Form Attached[X]

Exhibit C-2 Form of Bangor Supply Trade Agreement

[X]Form Attached[X]

Exhibit D – Form of Mirror Confirm

[X]Form Attached[X]

Exhibit E – Form of Novation Agreement

[X]Form Attached[X]

Exhibit F – Form of Purchaser Guarantee Agreement

[X]Form Attached[X]

Exhibit G – Form of Seller Guarantee Agreement

[X]Form Attached[X]

Exhibit H – Form of Indicated Transactions Letter of Credit

[X]Form Attached[X]

Exhibit I Form of PPL Financial Trade Agreement

[X]Form Attached[X]

FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT

This **FIRST AMENDMENT TO PURCHASE AND SALE AGREEMENT** (this "**Amendment**") is dated and executed as of January 26, 2010, by and between Macquarie Cook Power Inc., ("MCP") a corporation organized and existing under the laws of the State of Delaware, Integrys Energy Services, Inc., ("IES") a Wisconsin corporation, and Integrys Energy Group, Inc., ("IEG") a Wisconsin corporation (collectively, the "Parties" and individually, a "Party").

BACKGROUND

WHEREAS, reference is made to that certain Purchase and Sale Agreement (the "Agreement"), dated December 23, 2009, between and among MCP, IES and IEG.

WHEREAS, the Parties wish to amend certain terms of the Agreement.

NOW, THEREFORE, the Parties hereby agree as follows:

1. DEFINITIONS.

Capitalized terms used in this Amendment, to the extent not otherwise defined herein, have the same meanings assigned to such terms in the Agreement, as amended hereby.

2. AMENDMENTS TO AGREEMENT.

2.1 Definition of "Initial Purchase Price"

The definition of "Initial Purchase Price" set forth in the Agreement shall be deleted in its entirety and replaced with the following: **"'Initial Purchase Price" means $1,150,000.00"**

2.2 Section 2.9: Exchange Traded Transactions

The terms of Section 2.9 shall be deleted in their entirety and replaced with the terms set forth on Exhibit A hereto.

2.3 Section 2.16: Flattening Trade and New Trades

The terms of Section 2.16 shall be deleted in their entirety and replaced with the following:

"**Flattening Trades and New Trades.** On the Mirror Effective Date and on a monthly basis thereafter until the Mirror Confirm is terminated in its entirety, Purchaser and Seller shall enter into one or more physically-settled transactions under the MCP-IES ISDA Master Agreement representing sales to Seller with respect to all requirements of the Seller during the applicable month to purchase additional physically-delivered electric energy, capacity, ancillary services,

renewable energy certificates, or related products ("Electricity") or representing purchases from Seller during such month for any excess Electricity Seller may have in order to establish and maintain, to the extent reasonably practicable, a flattened position in Electricity for Seller during such month (such transactions, the "Flattening Trades"). All Flattening Trades shall be priced using the same or equivalent index price, ISO-published price or mutually-agreed price as specified in the relevant Mirror Transaction or Post-Mirror Trade."

2.4 Schedule 2.1(a)(ii)(A) – Master Agreements

The following is added as an additional Master Agreement on Schedule 2.1(a)(ii)(A): **"Kentucky Municipal Power Agency"**

2.5 Schedule 2.2(b): Initial Purchase Price Adjustment

Paragraph 1 in Schedule 2.2(b) is deleted in its entirety and replaced with the following: **"Initial Purchase Price Adjustment Amount" is defined as $0.00."**

2.6 Schedule 2.2(c): Final Purchase Price Adjustment

(a) The "First Valuation Difference" referenced in the first sentence of Paragraph 2 shall be deleted and replaced with **"negative $6,661,871.00."**

(b) The last sentence of Paragraph 2 of the Schedule is deleted in its entirety and replaced with the following: **"For purposes hereof, the MCPI First Valuation is positive $33,965,470.00 and the IES First Valuation is positive $40,627,341.00."**

(c) Paragraph 9, "Exchange Traded Contract Adjustment," is deleted in its entirety and replaced with the following:

"**Exchange Traded Contract Adjustment**" means the dollar amount (positive or negative) of the negative value of those Exchange Traded Transactions which are natural gas forward exchange traded transactions, calculated at the settlement price as of the close of trading on the Relevant Exchange on the Mirror Effective Date. For the avoidance of doubt, the parties acknowledge and agree that the Exchange Traded Transactions referenced above do not include power trades or option trades."

3. GENERAL PROVISIONS.

3.1 Section Headings. Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Amendment.

3.2 Severability of Provisions. Each provision of this Amendment will be severable from every other provision of this Amendment for the purpose of determining the legal enforceability of any specific provision.

3.3 Counterparts; Electronic Execution. This Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, will be deemed to be an original, and all of which, when taken together, will constitute but one and the same Amendment. Delivery of an executed counterpart of this Amendment by facsimile or other then generally accepted means of electronic transmission (such as portable document format ("PDF")) will be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by electronic means also will deliver an original executed counterpart of this Amendment but the failure to deliver an original executed counterpart will not affect the time of deemed delivery, validity, enforceability, or binding effect of this Amendment.

3.4 Reference to Agreement; Effectiveness. The Agreement, as amended hereby, and all other agreements, documents or instruments now or hereafter executed and delivered pursuant to the terms thereof are hereby amended so that any reference in the Agreement or such other agreements, documents and instruments will mean a reference to the Agreement, as amended hereby. This Amendment shall be deemed effective on and as of the date of execution of this Amendment. Except as hereby amended, the Agreement remains in full force and effect, and is hereby, in all respects, ratified and confirmed.

3.5 Successors and Assigns. This Amendment is binding upon and will inure to the benefit of Parties and their respective successors and assigns, subject to the provisions of Section 10.8 of the Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered as of the date first above written.

INTEGRYS ENERGY SERVICES, INC.

By: /s/ Mark A. Radtke
Name: Mark A. Radtke
Title: President & CEO

INTEGRYS ENERGY GROUP, INC.

By: /s/ Larry L. Weyers
Name: Larry L. Weyers
Title: Executive Chairman

MACQUARIE COOK POWER INC.

By: /s/ Benjamin Preston
Name: Benjamin Preston
Title: Executive Director

By: /s/ Patricia Jones
Name: Patricia Jones
Title: Associate Director

EXHIBIT A

Section 2.9 Exchange Traded Transactions.

(a) The Seller shall request of the Relevant Exchange (the "Exchange Request") that the Exchange Traded Transactions be transferred to the Purchaser in accordance with the rules and procedures of the Relevant Exchange (if applicable) from the commodity futures brokerage accounts of the Seller listed on Schedule 2.9(a) attached hereto, carried by the futures commission merchants (each an "FCM") listed thereon, to the account of the Purchaser as set forth below, and the Purchaser shall assume each Exchange Traded Transaction, by a novation effected pursuant to the applicable rules of the Relevant Exchange, if applicable. The Exchange Request shall be in form and substance reasonably satisfactory to the Seller and the Purchaser. To the extent that the transfer or conveyance of any of the Exchange Traded Transactions to the Purchaser requires the Consent of a Third Party or Governmental Authorization, the Seller and the Purchaser shall use commercially reasonable efforts, and cooperate with each other, to obtain promptly the relevant Consent or Governmental Authorization prior to the Mirror Effective Date.

(i) **Exchange Power Forwards.** On the Mirror Effective Date, Exchange Traded Transactions which are power forward transactions shall be transferred to Purchaser in one account at historical (original) prices via an ex-pit book transfer in accordance with the applicable rules of the Relevant Exchange. The Parties acknowledge that the Relevant Exchange shall transfer such transactions at the settlement price as of the close of trading on the Relevant Exchange on the Mirror Effective Date. Any difference between such transfer calculations shall be resolved by mutual agreement between the Parties and their respective brokerage accounts, such that the Parties are kept whole to the Relevant Exchange. The Purchase Price will not require adjustment due to the transfer of Exchange Power Forwards.

(ii) **Exchange Power Options.** On the Mirror Effective Date, Exchange Traded Transactions which are power option transactions shall be transferred to Purchaser in one account at historical (original) strike prices with no additional premium via an ex-pit book transfer in accordance with the applicable rules of the Relevant Exchange. The Purchase Price will not require adjustment due to the transfer of Exchange Power Options.

(iii) **Exchange Gas Options.** On the Mirror Effective Date, Exchange Traded Transactions which are natural gas option transactions with contract months on or after March 2010 shall be transferred from Seller to Purchaser through the execution of a new exchange-cleared options between Seller and Purchaser, such that the transactions will be transferred to Purchaser at the original strike prices of such transactions with no added premium. The Purchase Price will not require adjustment due to the transfer of Exchange Gas Options.

(iv) **Exchange Gas Forwards.** On February 1, 2010, Exchange Traded Transactions which are natural gas forward transactions with contract months on or after March 2010 shall be transferred from Seller to Purchaser through the execution of a new exchange-cleared swap between Seller and Purchaser, such that the transactions will be transferred to Purchaser at the settlement price as of the close of trading on the Relevant Exchange on January

29, 2010. The Purchase Price will be adjusted for such transactions in accordance with the Final Purchase Price Adjustment.

(b) If following the Mirror Effective Date this Agreement is terminated in accordance with the terms and conditions set forth in Article VIII, then with respect to **Exchange Power Forwards and Exchange Power Options**, on the Business Day immediately following the date that this Agreement is terminated, the Purchaser shall submit to the Relevant Exchange an Exchange Request that such Exchange Traded Transactions, or trades cleared on the Relevant Exchange that are substantially similar to such Exchange Traded Transactions (each a "Substitute Exchange Traded Transaction") be transferred to the Seller in accordance with the rules and procedures of the Relevant Exchange from the commodity futures brokerage accounts of the Purchaser listed on Schedule 2.9(b) attached hereto, carried by each FCM listed thereon, to the account of the Seller via an ex-pit, ex-Ring or ex-order book transfer, and the Seller shall assume each Substitute Exchange Traded Transaction, by a novation effected pursuant to the applicable rules of the Relevant Exchange. Each such transfer pursuant to this Section 2.9(b) shall be effected at the historic (original) price. The Exchange Request shall be in same form and have the same substance as that which was provided to the Relevant Exchange under Section 2.9(a).

(c) If following the Mirror Effective Date this Agreement is terminated in accordance with the terms and conditions set forth in Article VIII, then with respect to **Exchange Gas Options and Exchange Gas Forwards**, on the Business Day immediately following the date that this Agreement is terminated, the Purchaser and Seller shall enter into equal and off-setting exchange-cleared option and swap transactions, respectively, such that the Exchange Gas Options and Exchange Gas Forwards positions are transferred back to Seller. Each such transfer of Exchange Gas Options pursuant to this Section 2.9(c) shall be effected at the original strike prices of such transactions (with no premium payable), and each such transfer of Exchange Gas Forwards pursuant to this Section 2.9(c) shall be effected at the settlement price as of the close of trading on the Relevant Exchange on the trading date immediately preceding the date of such transfer. Other than as provided in Article VIII, the Parties intend that no additional consideration will be paid in respect of the Substitute Exchange Traded Transactions.

Exhibit 4.11

This instrument prepared by and
after recording should be mailed to:

Wayne F. Osoba
Foley & Lardner LLP
321 North Clark Street
Suite 2800
Chicago, IL 60654-5313

THE PEOPLES GAS LIGHT AND COKE COMPANY

to

U.S. BANK NATIONAL ASSOCIATION
Trustee

SUPPLEMENTAL INDENTURE

Dated as of September 1, 2009

First and Refunding Mortgage 4.63% Bonds, Series UU

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This Supplemental Indenture, dated as of September 1, 2009, made and entered into by and between THE PEOPLES GAS LIGHT AND COKE COMPANY, a corporation organized and existing under the laws of the State of Illinois (hereinafter called the "*Company*") and U.S. Bank National Association (hereinafter called the "*Trustee*"), a corporation organized and existing under the laws of the United States of America and successor to Illinois Merchants Trust Company, as trustee under the indenture of Chicago By-Product Coke Company to said Illinois Merchants Trust Company, as trustee, dated January 2, 1926.

WITNESSETH:

WHEREAS, Chicago By-Product Coke Company, a corporation organized and existing under the laws of the State of Delaware, heretofore gave its mortgage in the form of an indenture (hereinafter called the "*Original Mortgage*") to Illinois Merchants Trust Company, as trustee, under date of the second day of January, 1926; and

WHEREAS, the Company executed and delivered to said Illinois Merchants Trust Company, as trustee under the Original Mortgage, an indenture bearing date the first day of March, 1928, whereby, among other things, the Company assumed and agreed to pay the principal and interest of all bonds issued or to be issued under the Original Mortgage and secured thereby, and to perform and fulfill all of the terms, covenants, and conditions of the Original Mortgage binding upon said Chicago By-Product Coke Company, and in and by said indenture the Company subjected to the lien of the Original Mortgage, subject to the existing liens permitted by Section 2 of Article XIV of the Original Mortgage but with statements required by said Section 2 with regard to such existing liens, all of the property then owned by the Company or thereafter acquired by it (excepting such of its property as the Company was by said Section 2 of Article XIV of the Original Mortgage expressly authorized to reserve from the lien of the Original Mortgage); and

WHEREAS, by virtue of all the things done as in the next preceding paragraph recited, the Company has become the successor corporation under the Original Mortgage, subject to all the terms, conditions and restrictions thereof; and

WHEREAS, thereafter the Company has made, executed and delivered other indentures supplemental to the Original Mortgage, of which the indentures supplemental to the Original Mortgage delivered to U.S. Bank National Association, as Trustee, successor to Illinois Merchants Trust Company, as Trustee under the Original Mortgage, dated, respectively, May 20, 1936, March 10, 1950, as of June 1, 1951, as of August 15, 1967, as of September 15, 1970, as of March 1, 2000, as of February 1, 2003, as of February 1, 2003, as of February 15, 2003, as of April 15, 2003, as of October 1, 2003, as of October 1, 2003, as of November 1, 2003, as of January 1, 2005, as of November 1, 2008 and as of November 1, 2008 are wholly or partially in full force and effect (said Original Mortgage, and said Indenture dated March 1, 1928, as so supplemented and amended, being collectively called the "*Mortgage*", and said Mortgage, as supplemented by this Supplemental Indenture, being collectively called the "*Mortgage as supplemented*"); and

WHEREAS, all bonds which have heretofore been issued and outstanding under the Mortgage have been retired and cancelled, except that as of September 1, 2009, there were bonds of the following series outstanding in the aggregate principal amounts indicated below:

BONDS	DUE DATE	AGGREGATE PRINCIPAL AMOUNT
Series HH	March 1, 2030	$50,000,000
Series KK	February 1, 2033	$50,000,000
Series LL	February 1, 2033	$50,000,000
Series MM-2	March 1, 2010	$50,000,000
Series NN-2	April 15, 2013	$75,000,000
Series OO	October 1, 2037	$51,000,000
Series PP	October 1, 2037	$51,000,000
Series QQ	November 1, 2038	$75,000,000
Series RR	June 1, 2035	$50,000,000
Series SS	November 1, 2013	$45,000,000
Series TT	November 1, 2018	$5,000,000

; and

WHEREAS, it is provided in Article III of the Mortgage that bonds of any series may from time to time be issued by the Company under the Mortgage in a principal amount equal to 75% of expenditures made for the acquisition of any permanent property as defined in the Mortgage or upon the deposit of cash with the Trustee equal to the aggregate principal amount of bonds whose authentication and delivery is then applied for; and

WHEREAS, the Company has duly determined to create an additional series of its bonds to be issued under the Mortgage as supplemented designated "The Peoples Gas Light and Coke Company First and Refunding Mortgage 4.63% Bonds, Series UU" (herein sometimes referred to as "*bonds of Series UU*") and to issue an aggregate of $75,000,000 principal amount of said bonds all of which bonds shall be fully registered without coupons; and

WHEREAS, the Company desires to reserve the right to amend the Mortgage without any consent or other action by holders of the bonds of Series UU or any subsequent series, to provide that the Mortgage, the rights and obligations of the Company and the rights of the bondholders may be modified with the consent of the holders of not less than 60% in aggregate principal amount of the bonds adversely affected; *provided, however*, that no modification shall (1) extend the maturity of any of the bonds of Series UU or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of principal thereof (or with respect to the bonds of Series UU change the amount or time of any prepayment or payment of principal or of any payment of interest or reduce the rate of interest or change the method of computation of interest or of the Make-Whole Amount), or reduce the Make-Whole Amount, if any, payable on redemption thereof or change the coin or currency in which any bond or interest thereon or Make-Whole Amount, if any, is payable without the consent of the holder of each bond so affected, (2) permit the creation of any lien, not otherwise permitted, prior to or on a parity with the lien of the Mortgage, without the consent of the holders of all bonds then outstanding, or (3) reduce the

above percentage of the aggregate principal amount of bonds the holders of which are required to approve any such modification without the consent of the holders of all bonds then outstanding; and

WHEREAS, the form of registered bond of Series UU and the form of the Trustee's Certificate to appear on all bonds of Series UU shall be substantially as follows:

(Form of Series UU Registered Bond Without Coupons)

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY OTHER STATE. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

ICC Identification No. 6204 and 6514
CUSIP: XXX

No. R_____ $_____

THE PEOPLES GAS LIGHT AND COKE COMPANY

FIRST AND REFUNDING MORTGAGE 4.63% BONDS,

SERIES UU

DUE SEPTEMBER 1, 2019

THE PEOPLES GAS LIGHT AND COKE COMPANY, an Illinois corporation (hereinafter called the "*Company*"), for value received, hereby promises to pay to _____, or registered assigns on September 1, 2019, unless this Bond shall have been called for redemption and payment of the redemption price shall have been duly made or provided for in accordance with the hereinafter described Mortgage, the principal sum of _____ Dollars ($_____), and to pay interest on the balance of said principal sum from time to time remaining unpaid until payment of said principal amount has been made or duly provided for, at the rate of Four And Sixty Three One Hundredths Per Cent (4.63% per annum) (calculated on the basis of a year of 360 days consisting of twelve 30-day months), payable at or before 9:00 a.m., Chicago time, on March 1 and September 1 of each year, commencing March 1, 2010 until payment in full of such principal sum on September 1, 2019. With respect to the initial interest period ending on March 1, 2010, interest shall accrue from September 30, 2009. Interest shall also accrue on any overdue principal, premium, if any, and (to the extent that such interest shall be legally enforceable) on any overdue installment of interest until paid at the Overdue Rate. Overdue Rate shall mean the rate of interest that is the greater of (i) 1% per annum above the rate of interest stated as the coupon rate of the bonds of Series UU or (ii) 1% over the rate of interest publicly announced by Citibank N.A. in New York, New York as its "base" or "prime" rate. The interest so payable on any interest payment date will, subject to certain exceptions provided in

the Mortgage, be paid to the person who is the registered owner of this Bond at the close of business on the applicable record date next preceding such interest payment date (February 15 or August 15, as the case may be). Subject to Section 9 of that certain Bond Purchase Agreement dated as of September 30, 2009 (the "Bond Purchase Agreement") between the Company and the institutional investors named in Schedule A thereto, principal of, Make-Whole Amount (as hereinafter defined), if any, and interest on this Bond shall be payable in lawful money of the United States of America at the principal corporate office or agency of the Company in Chicago, Illinois.

This Bond is one of the First and Refunding Mortgage 4.63% Bonds, Series UU, due September 1, 2019 (the "*bonds of Series UU*") of the Company, all issued and to be issued in a single series, from time to time, under and in accordance with and, irrespective of the time of issue or of such series in which issued or the designation thereof, equally secured by an Indenture, dated the second day of January, 1926, executed by Chicago By-Product Coke Company, a Delaware corporation, to Illinois Merchants Trust Company, as trustee, and recorded on January 19, 1926, as Document No. 9154395 in Book 22219 of Records, at page 283, in the Recorder's Office of Cook County, Illinois, which Indenture was assumed by the Company as a successor corporation, as defined therein, by an indenture, dated the first day of March, 1928, executed by the Company to said trustee, and recorded on April 7, 1928, as Document No. 9980547 in Book 25701 of Records, at page 599, in the Recorder's Office of Cook County, Illinois, and has heretofore been, and from time to time hereafter may be, amended and supplemented by indentures supplemental thereto, including the Supplemental Indenture dated as of September 1, 2009 relating to the hereinafter described bonds of Series UU (the "*Supplemental Indenture*"). Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed thereto in the Supplemental Indenture. The word "Mortgage", as used in this Bond, shall mean said Indenture, as amended and supplemented from time to time by indentures supplemental thereto, including the Supplemental Indenture. The word "Company", as used in this Bond, shall be construed to include any successor corporation, as defined in the Mortgage. The word "Trustee", as used in this Bond, shall be construed to mean and include U.S. Bank National Association (successor to Illinois Merchants Trust Company), as trustee under the Mortgage, and any successor trustee thereunder. Reference is hereby made to the Mortgage and all indentures supplemental thereto for a description of the property mortgaged and pledged (except that certain parcels described in the Mortgage and in said supplemental indentures have been released from the lien of the Mortgage pursuant to the terms thereof), the nature and extent of the security and the terms and conditions governing the issuance and security of the bonds issued or to be issued under the Mortgage. As provided in the Mortgage, the bonds may be for various principal sums, are issuable in series, may bear interest at different rates and may otherwise vary as provided therein. This Bond is one of the series of such First and Refunding Mortgage Bonds designated as "The Peoples Gas Light and Coke Company First and Refunding Mortgage 4.63% Bonds, Series UU", hereinafter called the "Series UU Bonds".

The bonds of Series UU shall be deliverable in the form of registered Bonds without coupon in the denomination of $100,000 and any integral multiple thereof.

As more fully described in the Supplemental Indenture, the Company reserves the right, without any consent or other action by holders of the Series UU Bonds or the bonds of any

subsequent series, to amend the Mortgage to provide that the Mortgage, the rights and obligations of the Company and the rights of the bondholders may be modified with the consent of the holders of not less than 60% in aggregate principal amount of the bonds adversely affected; *provided, however*, that no modification shall (1) extend the maturity of any of the Series UU Bonds or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of principal thereof (or with respect to the Series UU Bonds change the amount or time of any prepayment or payment of principal or of any payment of interest or reduce the rate of interest or change the method of computation of interest or of the Make-Whole Amount), or reduce the Make-Whole Amount, if any, payable on redemption thereof or change the coin or currency in which any bond or interest thereon or Make-Whole Amount, if any, is payable without the consent of the holder of each bond so affected or, (2) permit the creation of any lien, not otherwise permitted, prior to or on a parity with the lien of the Mortgage, without the consent of the holders of all bonds then outstanding, or (3) reduce the above percentage of the principal amount of bonds the holders of which are required to approve any such modification without the consent of the holders of all bonds then outstanding.

The Series UU Bonds are subject to optional redemption by the Company, in whole but not in part, at any time, at a redemption price of 100% of the principal amount thereof, plus accrued interest, if any, to the redemption date, upon the occurrence of certain events described in the Supplemental Indenture (relating to unreasonable burdens or excessive liabilities imposed upon the Company; changes in the economic availability of raw materials, operating supplies, fuel or other energy sources or supplies or technological or other changes rendering its property uneconomic; or court order or decree preventing operations at its property or rendering the continuation of its operations economically unfeasible).

All of the outstanding Series UU Bonds may be redeemed at any time by the Company, by the payment of the principal amount thereof and accrued interest thereon to the date of redemption, without the payment of any premium, in the event of the acquisition by any federal, state or municipal authority of any substantial portion (which shall be not less than one-third as determined by book values) of the income-producing properties of the Company which are subject to the lien of the Mortgage.

All of the outstanding bonds under the Mortgage shall be redeemed by the Company by the payment of the respective applicable redemption price or prices and accrued interest thereon to the date of redemption, without the payment of any premium, in the event of the acquisition by any federal, state or municipal authority of all or substantially all of the income-producing properties of the Company which are subject to the lien of the Mortgage.

The Company may, at its option, upon notice as provided in the Supplemental Indenture, prepay at any time all or from time to time, any part of the bonds of Series UU at 100% of the principal amount so prepaid, and the Make-Whole Amount, determined in accordance with Section 5(d)(i) of the Supplemental Indenture with respect to such principal amount together with accrued and unpaid interest thereon. Reference is made to the Supplemental Indenture for the terms and conditions of such prepayment and the definition of Make-Whole Amount.

Notice of any redemption of the Series UU Bonds shall be given by mailing by first class mail, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior, to the

redemption date, to the holders of all such bonds to be redeemed at their last addresses that shall appear upon the registry book, all as more fully provided in the Mortgage. Notice of redemption having been duly given, the bonds called for redemption shall become due and payable upon the redemption date and, if the redemption price shall have been deposited with the Trustee, interest thereon shall cease to accrue on and after the redemption date, and whenever the redemption price thereof shall have been deposited with the Trustee and notice of redemption shall have been duly given or provision therefore made, such bonds shall no longer be entitled to any lien or benefit of the Mortgage.

In case of certain events of default specified in the Mortgage, the principal of all bonds issued and outstanding thereunder may be declared or may become due and payable in the manner and with the effect provided in the Mortgage.

No recourse shall be had for the payment of the principal of, Make-Whole Amount, if any, or interest on this Bond, or for any claim based hereon, or otherwise in respect hereof or of the Mortgage, to or against any incorporator, stockholder, director or officer, past, present or future, of the Company, either directly or through the Company, under any constitution or statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability of incorporators, stockholders, directors and officers being released by the holder hereof by the acceptance of this Bond, and being likewise waived and released by the terms of the Mortgage.

This Bond is transferable by the registered holder hereof in person or by a duly authorized attorney at the office or agency of the Company in the City of Chicago, State of Illinois, upon surrender and cancellation of this Bond, and thereupon a new registered bond or bonds, without coupons, of the same series and for the same aggregate principal amount will be issued to the transferee in exchange herefor. In the manner provided in the Mortgage, registered Bonds without coupons of this series may, at the option of the registered owner and upon surrender at said office or agency of the Company, be exchanged for registered Bonds without coupons of this series of the same aggregate principal amount of other authorized denominations.

The Company and the Trustee and any paying agent may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment and for all other purposes and neither the Company nor the Trustee nor any paying agent shall be affected by any notice to the contrary.

This Bond shall not be entitled to any security or benefit under the Mortgage, and shall not become valid or obligatory for any purpose, until this Bond shall have been authenticated by the execution of the certificate, hereon endorsed, by the Trustee or its successor in trust under the Mortgage.

This Bond shall be construed and enforced in accordance with, and the rights of the Company and the holder of this Bond shall be governed by, the law of the State of Illinois, excluding choice-of-law principles of such State that would permit the application of the laws of a jurisdiction other than such State.

IN WITNESS WHEREOF, the Company has caused this Bond to be executed in its name by its President, Executive Vice President, Chief Financial Officer, Treasurer or a Vice President manually or in facsimile, and has caused its corporate seal manually or in facsimile to be hereto affixed, attested by the manual or facsimile signature of its Secretary or of an Assistant Secretary.

Dated: September 1, 2009

THE PEOPLES GAS LIGHT AND COKE COMPANY

(SEAL)

By: _____
Bradley A. Johnson
Its: Treasurer

ATTEST:

_____
Barth J. Wolf
Its: Secretary

(FORM OF TRUSTEE'S CERTIFICATE)

This bond is one of the bonds of the series designated, referred to and described in the within-mentioned Mortgage.

U.S. BANK NATIONAL ASSOCIATION

By: _____
Authorized Officer

ASSIGNMENT

For value received, the undersigned hereby sell(s) and transfer(s) unto:

PLEASE INSERT IDENTIFYING NUMBER OF ASSIGNEE: _____

_____

_____

(Please print or typewrite name and address, including zip code of assignee)

the within Bond and all rights thereunder, hereby irrevocably constituting and appointing _____ Attorney to transfer said Note on the books of the Trustee with full power of substitution in the premises.

Dated: _____

_____

Notice: The signature to this Assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement, or any changes whatever.

and

WHEREAS, all acts and things necessary to make the bonds of Series UU, when authenticated by the Trustee and issued as in the Mortgage and in this Supplemental Indenture provided, the valid, binding and legal obligations of the Company, entitled in all respects to the security of the Mortgage, have been done and performed and the creation, execution and delivery of this Supplemental Indenture have in all respects been duly authorized by a resolution adopted by the Board of Directors of the Company; and

WHEREAS, the Company has requested the Trustee, pursuant to the provisions of Article XVI of the Mortgage, to enter into this Supplemental Indenture for the purpose of supplementing the Mortgage as herein provided;

NOW, THEREFORE, IT IS HEREBY COVENANTED, DECLARED AND AGREED by and between the Company and the Trustee, and its successor or successors in trust, as follows:

DESCRIPTION OF CERTAIN PROPERTY SUBJECT TO THE LIEN OF THE MORTGAGE

The Company hereby mortgages and conveys unto the Trustee, its successor or successors in trust, the property described in Schedule A hereto attached and expressly made a part hereof pursuant to the terms set forth in said Schedule A.

ARTICLE I
FIRST AND REFUNDING MORTGAGE 4.63% BONDS, SERIES UU

Section 1. Designation, Maturity and Interest Rate of Bonds. A new series of bonds of the Company shall be issued under and secured by the Mortgage as supplemented, which shall be designated as the Company's "First and Refunding Mortgage 4.63% Bonds, Series UU." The aggregate principal amount of bonds of Series UU which may be executed by the Company and authenticated by the Trustee shall be limited to $75,000,000 (exclusive of bonds authenticated and delivered upon transfers pursuant to Section 3 of Article I hereof and Sections 2, 5, 11 and 12 of Article I of the Original Mortgage and delivered pursuant to Section 3 of Article VI of the Original Mortgage as the same may relate to fully registered bonds). Bonds of Series UU all shall be registered bonds without coupons, and shall be due and payable September 1, 2019. All bonds of Series UU shall bear interest from the date thereof (provided, however, that with respect to the initial interest period ending on March 1, 2010, interest shall accrue from September 30, 2009), payable at or before 9:00 a.m. Chicago time on March 1 and September 1 in each year, commencing March 1, 2010, until the principal thereof shall have become due and payable, at the rate of 4.63% per annum and on any overdue principal and (to the extent that payment of such interest is enforceable under the applicable law) on any overdue installment of interest at the Overdue Rate, and shall be payable both as to principal and interest, and as to Make-Whole Amount, if any, in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, at the office or agency of the Trustee in the City of St. Paul, Minnesota.

Subject to Section 9 of the Bond Purchase Agreement, so long as there is no existing default in the payment of interest on the bonds of Series UU, the interest payable on any interest payment date shall be to the person in whose name any bond of Series UU is registered at the close of business on any record date with respect to any interest payment date, and such person shall be entitled to receive the interest payable on such interest payment date notwithstanding any transfer or exchange of such bond of Series UU subsequent to the record date and on or prior to such interest payment date, except as and to the extent the Company shall default in the payment of the interest due on such interest payment date, in which case such defaulted interest shall be paid to the person in whose name such bond of Series UU is registered at the close of business on a subsequent record date, which shall not be less than five (5) days prior to the date of payment of such defaulted interest established by notice given by mail by or on behalf of the Company to the person in whose name such bond of Series UU is then registered and to the Trustee not less than ten (10) days preceding such subsequent record date.

The term "record date" as used herein with respect to any interest payment date (March 1 or September 1, as the case may be) shall mean the 15th day of February or the 15th day of August, as the case may be, next preceding such interest payment day.

As used in this Section 1, the term "default in the payment of interest" means failure to pay interest on the applicable interest payment date disregarding any period of grace permitted by Article X of the Mortgage.

Section 2. Issuance of Bonds. Bonds of Series UU may be issued only as registered bonds without coupons (hereinafter sometimes referred to as "*registered bonds*"), and they shall

be substantially in the form hereinbefore recited. They shall be issuable in denominations which shall be multiples of $100,000 and any integral multiple thereof and the execution by the Company of any bond of Series UU shall evidence conclusively the due authorization of the denomination of such bond. Each registered bond of Series UU shall be dated as of the date of the interest payment date on which interest was paid on other bonds of said Series next preceding the date of issue of such registered bond, except that (i) so long as there is no existing default in the payment of interest upon the bonds of Series UU, any bond of Series UU issued after the close of business on any record date with respect to any interest payment date and prior to such interest payment date shall be dated as of such interest payment date, and (ii) any bond of Series UU issued on an interest payment date on which interest on other bonds of Series UU was paid shall be dated as of the date of issue and (iii) any bond of Series UU issued before the initial interest payment date shall be dated September 1, 2009, the date of commencement of the first interest period for the bonds of Series UU, unless (i) above is applicable.

The registered owner of any bond of Series UU dated as of an interest payment date as provided in (i) above shall, if the Company shall default in the payment of interest due on such interest payment date and such default shall be continuing, be entitled to exchange such bond for a bond or bonds of Series UU of the same aggregate principal amount dated as of the interest payment date next preceding the interest payment date first mentioned in this sentence, or, if the Company shall default in the payment of interest on the first interest payment date for bonds of Series UU, such owner shall be entitled to exchange such bond for a bond or bonds of Series UU of the same aggregate principal amount dated as of September 1, 2009. If the Trustee shall have knowledge at any time that any registered owner of a bond of Series UU shall be entitled by the provision of the next preceding sentence to exchange such bond, the Trustee shall within thirty (30) days mail to such owner at the address of such owner appearing upon the registry book, a notice informing such owner that such owner has such right of exchange.

Section 3. Exchanges of Bonds. In the manner prescribed in the Mortgage, the holder of a registered bond or bonds of Series UU may, at the office or agency of the Trustee in the City of St. Paul, State of Minnesota, surrender such bond or bonds in exchange for a like aggregate principal amount of one or more registered bonds of Series UU of any authorized denomination or denominations.

No charge will be made by the Company to the registered owner of a bond of Series UU for the transfer thereof or for the exchange thereof for bonds of Series UU of other authorized denominations, except, in the case of transfer, a charge sufficient to reimburse the Company for any stamp or other tax or governmental charge required to be paid by the Company or the Trustee.

Section 4. Execution and Authentication of Bonds. All bonds of Series UU shall be executed on behalf of the Company by the manual signature of its President or the Executive Vice President or the Chief Financial Officer or the Treasurer or a Vice President and shall have affixed thereon the manual seal of the Company attested by the manual signature of its Secretary or one of its Assistant Secretaries and be authenticated by the execution by the Trustee of the certificate endorsed on said bonds, and said bonds shall be issued from time to time, as the Board of Directors of the Company may determine, but in accordance with the terms, provisions,

conditions and restrictions set forth in the Mortgage and in this Supplemental Indenture. The definitive bonds of Series UU may be issued in typewritten or printed form.

Section 5. Redemption of Bonds by Company.

(a) The bonds of Series UU are subject to optional redemption by the Company, in whole but not in part, at any time, at a redemption price of 100% of the principal amount thereof plus accrued interest, if any, to the redemption date, if any of the following shall have occurred and if within one hundred and eighty (180) days following said occurrence the Company files written notice with the Trustee and directs that the bonds of Series UU are to be redeemed:

(i) if, in the reasonable judgment of the Company's Board of Directors, unreasonable burdens or excessive liabilities shall have been imposed upon the Company with respect to its property or the operation thereof, including, without limitation, federal, state or other *ad valorem* property, income or other taxes, other than *ad valorem* taxes presently levied upon privately owned property used for the same general purposes as its property; or

(ii) if changes in the economic availability of raw materials, operating supplies, fuel or other energy sources or supplies, or facilities necessary for the operation of the Company's property or such technological or other changes shall have occurred which, in the reasonable judgment of the Company's Board of Directors, render its property uneconomic for such purposes; or

(iii) any court or administrative body shall enter an order or decree preventing operations at the Company's business for six consecutive months; or

(iv) any court or administrative agency shall issue an order, decree or regulation the compliance with which would, in the reasonable opinion of the Board of Directors of the Company, render the continuation of its operations economically unfeasible.

(b) All of the outstanding bonds of Series UU may be redeemed at any time by the Company, by the payment of the principal amount thereof and accrued interest thereon to the date of redemption, without the payment of any premium, in the event of the acquisition by any federal, state or municipal authority of any substantial portion (which shall be not less than one-third as determined by book values) of the income-producing properties of the Company which are subject to the lien of the Mortgage.

(c) In the event of the acquisition at any time by any federal, state or municipal authority of all or substantially all of the income-producing properties of the Company which are subject to the lien of the Mortgage, the Company shall be deemed to have elected to redeem and to have requested the Trustee to redeem all the bonds of all series at the respective applicable redemption price or prices (together with accrued interest to the date of redemption), without the payment of any premium, on a date determined by the Trustee in its discretion to be the earliest practicable redemption date after receipt by the Trustee of all cash which the Trustee is entitled to receive in respect

of such acquisition by such federal, state or municipal authority. If the cash so received by the Trustee and all other cash then held by the Trustee as such, except funds held in trust for the benefit of the holders of particular bonds and coupons, is not sufficient to effect the redemption of all the bonds of all series as aforesaid and to pay all amounts owing to the Trustee under the Mortgage as supplemented (including fees and expenses to be incurred by the Trustee in connection with such redemption), the Company covenants and agrees that, within five (5) days after receipt by the Trustee of all cash which the Trustee is entitled to receive as aforesaid in respect of such acquisition, the Company will deposit with the Trustee for that purpose cash in an amount sufficient to make up such deficiency.

Upon receipt by the Trustee of moneys sufficient for said purposes, notice of such redemption shall be given by the Trustee for and on behalf and in the name of the Company. To the extent that such cash received, held and deposited as aforesaid shall be required for the purpose of redeeming bonds pursuant to this Section 5(c), the Company shall be deemed to have directed the Trustee to apply the same for the purpose, and the balance, if any, after payment of all said amounts owing to the Trustee, shall be paid to or upon the order of the Company.

(d) (i) The Company may, at its option, upon notice as provided below, prepay at any time all, or from time to time any part of, the bonds of Series UU, in an amount not less than 10% of the aggregate principal amount of the bonds of Series UU then outstanding in the case of a partial prepayment, at 100% of the principal amount so prepaid, together with interest accrued and unpaid thereon to the date of such prepayment, and the Make-Whole Amount determined for the prepayment date with respect to such principal amount. The Company will give each holder of bonds of Series UU written notice of each optional prepayment under this Section 5(d)(i) not less than 30 days and not more than 60 days prior to the date fixed for such prepayment. Each such notice shall specify such date (which shall be a Business Day), the aggregate principal amount of the bonds of Series UU to be prepaid on such date, the principal amount of each bond of Series UU held by such holder to be prepaid (determined in accordance with Section 5(d)(ii)), and the interest to be paid on the prepayment date with respect to such principal amount being prepaid, and shall be accompanied by a certificate of a Senior Financial Officer as to the estimated Make-Whole Amount due in connection with such prepayment (calculated as if the date of such notice were the date of the prepayment), setting forth the details of such computation. Two Business Days prior to such prepayment, the Company shall deliver to each holder of bonds of Series UU a certificate of a Senior Financial Officer specifying the calculation of such Make-Whole Amount as of the specified prepayment date.

(ii) In the case of each partial prepayment of the bonds of Series UU pursuant to Section 5(d)(i), the principal amount of the bonds of Series UU to be prepaid shall be allocated among all of the bonds of Series UU at the time outstanding in proportion, as nearly as practicable, to the respective unpaid principal amounts thereof not theretofore called for prepayment.

(iii) In the case of each prepayment of bonds of Series UU pursuant to Section 5(d)(i), the principal amount of each bond of Series UU to be prepaid shall mature and become due and payable on the date fixed for such prepayment (which shall be a Business Day), together with interest on such principal amount accrued to such date and the applicable Make-Whole Amount, if any. From and after such date, unless the Company shall fail to pay such principal amount when so due and payable, together with the interest and Make-Whole Amount, if any, as aforesaid, interest on such principal amount shall cease to accrue. Any bond of Series UU paid or prepaid in full shall be surrendered to the Company and cancelled and shall not be reissued, and no bond of Series UU shall be issued in lieu of any prepaid principal amount of any bond of Series UU.

(iv) The Company will not and will not permit any Affiliate to purchase, redeem, prepay or otherwise acquire, directly or indirectly, any of the outstanding bonds of Series UU except (1) upon the payment or prepayment of the bonds of Series UU in accordance with the terms of this Supplemental Indenture and the bonds of Series UU or (2) pursuant to an offer to purchase made by the Company or an Affiliate pro rata to the holders of all bonds of Series UU at the time outstanding upon the same terms and conditions. Any such offer shall provide each holder with sufficient information to enable it to make an informed decision with respect to such offer, and shall remain open for at least 15 Business Days. If the holders of more than 10% of the principal amount of the bonds of Series UU then outstanding accept such offer, the Company shall promptly notify the remaining holders of such fact and the expiration date for the acceptance by holders of bonds of Series UU of such offer shall be extended by the number of days necessary to give each such remaining holder at least 5 Business Days from its receipt of such notice to accept such offer. The Company will promptly cancel all bonds of Series UU acquired by it or any Affiliate pursuant to any payment, prepayment or purchase of bonds of Series UU pursuant to any provision of this Supplemental Indenture and no bonds of Series UU may be issued in substitution or exchange for any such bonds of Series UU.

Section 6. Notice of Redemption. If bonds of Series UU are to be redeemed as provided in Section 5(a),(b) or (c) of this Article I, notice of redemption shall be mailed by or on behalf of the Company, postage prepaid, at least thirty (30) days and not more than sixty (60) days prior to such date of redemption, to the registered owners of all bonds of Series UU to be so redeemed, at their respective addresses appearing upon the registry book and in the manner provided in Section 13 of the Bond Purchase Agreement. Any notice which is mailed as herein provided shall be conclusively presumed to have been properly and sufficiently given on the date of such mailing, whether or not the holder receives the notice. In any case, failure to give due notice by mail, or any defect in the notice, to the registered owners of any bonds of Series UU designated for redemption as a whole or in part, shall not affect the validity of the proceedings for the redemption of any other bond of Series UU. In case of any redemption of bonds of Series UU by the Trustee pursuant to the provisions of the Mortgage or any indenture supplemental thereto, notice of redemption shall be given in a similar manner by the Trustee.

Except as provided above, the provisions of Article VI of the Mortgage shall in all respects apply to any such redemption.

Section 7. Form of Bonds. Bonds of Series UU will be substantially in the form recited above. Bonds of Series UU shall bear a private placement legend.

Section 8. Definitions. In this Supplemental Indenture, the following terms shall have the meanings specified in this Section 8, unless the context otherwise requires:

"*Affiliate*" shall have the meaning assigned thereto in the Bond Purchase Agreement.

"*Business Day*" means any day which is not a Sunday or a legal holiday or a day (including Saturday) on which banking institutions in Chicago, Illinois, in New York, New York, and in the city where the principal office of the Trustee is located are not required or authorized to remain closed and other than a day on which the New York Stock Exchange is not closed.

"*Bond Purchase Agreement*" means that certain Bond Purchase Agreement dated as of September 30, 2009 between the Company and the Institutional Investors named on Schedule A thereto, under and pursuant to which the bonds of Series UU were issued, as the same may from time to time be amended or supplemented.

"*Code*" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"*Institutional Investor*" shall have the meaning assigned thereto in the Bond Purchase Agreement.

"*Make-Whole Amount*" means, with respect to any bond of Series UU, an amount equal to the excess, if any, of the Discounted Value of the Remaining Scheduled Payments with respect to the Called Principal of such bond over the amount of such Called Principal; provided that the Make-Whole Amount may in no event be less than zero. For the purposes of determining the Make-Whole Amount, the following terms have the following meanings:

"*Called Principal*" means, with respect to any bonds of Series UU, the principal of such bond of Series UU that is to be prepaid pursuant to Section 5(d)(i).

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

"*Reinvestment Yield*" means, with respect to the Called Principal of any bond of Series UU, 0.50% (50 basis points) over the yield to maturity implied by (i) the yields reported as of 10:00 a.m. (New York City time) on the second

Business Day preceding the Settlement Date with respect to such Called Principal, on the display designated as "Page PX1" (or such other display as may replace Page PX1) on Bloomberg Financial Markets for the most recently issued actively traded on the run U.S. Treasury securities having a maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date, or (ii) if such yields are not reported as of such time or the yields reported as of such time are not ascertainable (including by way of interpolation), the Treasury Constant Maturity Series Yields reported, for the latest day for which such yields have been so reported as of the second Business Day preceding the Settlement Date with respect to such Called Principal, in Federal Reserve Statistical Release H.15 (or any comparable successor publication) for U.S. Treasury securities having a constant maturity equal to the Remaining Average Life of such Called Principal as of such Settlement Date. In the case of each determination under clause (i) or clause (ii), as the case may be, of the preceding paragraph, such implied yield will be determined, if necessary, by (a) converting U.S. Treasury bill quotations to bond-equivalent yields in accordance with accepted financial practice and (b) interpolating linearly between (1) the applicable U.S. Treasury security with the maturity closest to and greater than such Remaining Average Life and (2) the applicable U.S. Treasury security with the maturity closest to and less than such Remaining Average Life. The Reinvestment Yield shall be rounded to the number of decimal places as appears in the interest rate of the applicable bond of Series UU.

"*Remaining Average Life*" means, with respect to any Called Principal, the number of years (calculated to the nearest one-twelfth year) obtained by dividing (a) such Called Principal into (b) the sum of the products obtained by multiplying (i) the principal component of each Remaining Scheduled Payment with respect to such Called Principal by (ii) the number of years (calculated to the nearest one-twelfth year) that will elapse between the Settlement Date with respect to such Called Principal and the scheduled due date of such Remaining Scheduled Payment.

"*Remaining Scheduled Payments*" means, with respect to the Called Principal of any bond of Series UU, all payments of such Called Principal and interest thereon that would be due after the Settlement Date with respect to such Called Principal if no payment of such Called Principal were made prior to its scheduled due date; provided that if such Settlement Date is not a date on which interest payments are due to be made under the terms of the bonds of Series UU, then the amount of the next succeeding scheduled interest payment will be reduced by the amount of interest accrued to such Settlement Date and required to be paid on such Settlement Date pursuant to Section 5(d).

"*Settlement Date*" means, with respect to the Called Principal of any bond of Series UU, the date on which such Called Principal is to be prepaid pursuant to Section 5(d).

"*Overdue Rate*" means that rate of interest that is the greater of (i) 1% per annum above the rate of interest stated in clause (a) of the first paragraph of the bonds of Series UU or (ii) 1% over the rate of interest publicly announced by Citibank N.A. in New York, New York as its "base" or "prime" rate.

"*Maturity Date*" means September 1, 2019.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Senior Financial Officer*" shall have the meaning assigned thereto in the Bond Purchase Agreement.

Section 9. Date of Payments. In any case where the date of maturity of interest of the bonds of Series UU or the date fixed for redemption of any bonds of Series UU shall be in the location of the designated corporate trust office of the Trustee on a day other than a Business Day, then payment of interest or principal (and Make-Whole Amount, if any) need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date fixed for redemption, and no interest shall accrue for the period after such date; *provided* that if the maturity date of the bonds of Series UU is a day other than a Business Day, the payment otherwise due on such maturity date shall be made on the next succeeding Business Day and shall include the additional day elapsed in the computation of interest payable on such next succeeding Business Day.

Section 10. Reservation of Right to Amend Mortgage. The Company reserves the right, without any consent or other action by holders of the bonds of Series UU or any subsequent series of bonds, to amend the Mortgage by inserting the following language as Section 4 of Article XVI immediately following current Section 3 of Article XVI of the Mortgage:

Section 4. Anything in Section 1 of this Article to the contrary notwithstanding, with the consent of the holders of not less than sixty per centum (60%) in aggregate principal amount of the bonds at the time outstanding or their attorneys-in-fact duly authorized, or, if the rights of the holders of one or more, but not all, series then outstanding are affected, the consent of the holders of not less than sixty per centum (60%) in aggregate principal amount of the bonds at the time outstanding of all affected series, taken together, and not any other series, the Company, when authorized by resolution of its Board of Directors, and the Trustee, from time to time and at any time, subject to the restrictions in this Mortgage contained, may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture or modifying the rights and obligations of the Company and the rights of the holders of any of the bonds and coupons; *provided, however*, that no such supplemental indenture shall (1) extend the maturity of any of the bonds or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of the principal thereof (or with respect to the bonds of Series UU change the amount or time of any prepayment or payment of principal or of any payment of interest or reduce the rate of interest or change the method of computation of interest or of the Make-Whole

Amount), or reduce the Make-Whole Amount, if any, or any premium payable on the redemption thereof or change the coin or currency in which any bond or interest thereon, or Make-Whole Amount, if any is payable, without the consent of the holder of each bond so affected, or (2) permit the creation of any lien, not otherwise permitted, prior to or on a parity with the lien of the Mortgage, without the consent of the holders of all the bonds then outstanding, or (3) reduce the aforesaid percentage of the aggregate principal amount of bonds the holders of which are required to approve any such supplemental indenture, without the consent of the holders of all the bonds then outstanding. For the purposes of this Section 4, bonds shall be deemed to be affected by a supplemental indenture if such supplemental indenture adversely affects or diminishes the rights of holders thereof against the Company or against its property.

Upon the written request of the Company, accompanied by a resolution of its Board of Directors authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of bondholders as aforesaid (the instrument or instruments evidencing such consent to be dated within one year of such request), the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Mortgage or otherwise, in which case the Trustee may in its discretion but shall not be obligated to enter into such supplemental indenture. The Trustee shall be entitled to receive and, subject to Section 7 of Article XV hereof, may rely upon, an opinion of counsel as conclusive evidence that any such supplemental indenture is authorized or permitted by the provisions of this Section 4.

It shall not be necessary for the consent of the bondholders under this Section 4 to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof; *provided* that the Company shall or shall cause the Trustee to deliver an execution copy of such Supplemental Indenture to each of the bond holders.

The Company and the Trustee, if they so elect, and either before or after such 60% or greater consent has been obtained, may require the holder of any bond consenting to the execution of any such supplemental indenture to submit its bond to the Trustee or to such bank, banker or trust company as may be designated by the Trustee for the purpose, for the notation thereon of the fact that the holder of such bond has consented to the execution of such supplemental indenture, and in such case such notation, in form satisfactory to the Trustee, shall be made upon all bonds so submitted, and such bonds bearing such notation shall forthwith be returned to the persons entitled thereto; *provided,* with respect to the bonds of Series UU, that if the holder of any bond is an Institutional Investor which certifies in writing that it has at a minimum net worth of at least $50,000,000, such holder may not surrender its bond for such notation but shall be deemed to have consented to the execution of such Supplemental Indenture. All subsequent holders of bonds bearing such notation shall be deemed to have consented to the execution of such supplemental indenture, and consent, once given or deemed to be given, may not be withdrawn.

Prior to the execution by the Company and the Trustee of any supplemental indenture pursuant to the provisions of this Section 4, the Company shall publish a notice, setting forth in general terms the substance of such supplemental indenture, at least once in one daily newspaper of general circulation in each city in which the principal of any of the bonds shall be payable, or, if all bonds outstanding of any series shall be registered bonds without coupons or coupon bonds registered as to principal, such notice with respect to such series shall be mailed first class, postage prepaid, and registered to each registered holder of bonds of such series at the last address of such holder appearing on the registry books and at the last address of such holder as provided in Section 13 of the Bond Purchase Agreement, such publication or mailing, as the case may be, to be made not less than thirty (30) days prior to such execution. Any failure of the Company to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 11. Private Placement of Bonds. Bonds of Series UU shall initially be offered and sold in reliance on the exemption contained under Section 4(2) of the Securities Act to an institution which is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act.

Section 12. Private Placement Legend. Each Bond of Series UU shall bear a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 OR THE SECURITIES LAWS OF ANY OTHER STATE. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION.

ARTICLE II
COVENANTS OF THE COMPANY

Section 1. Covenants of Company under Indenture. The Company covenants and agrees, so long as any of the bonds of Series UU are outstanding or until provision shall have been made for the redemption or payment thereof by the deposit with the Trustee of money necessary to effect such redemption or payment, as follows:

(a) The Company, during or at the close of the calendar year 2009, and during or at the close of each calendar year thereafter, shall charge against the income for such calendar year and place to the credit of a "depreciation reserve account" to be kept on its books, the greater of the following two amounts: (i) the amount of $1,550,000, or (ii) an amount equal to 2-1/2% of the sum of

(i) the aggregate principal amount of all bonds which, at the time such credit is placed to said "depreciation reserve account", shall be outstanding and shall have been outstanding under the Mortgage as supplemented for a period of not less than six (6) months, or which at such time shall have been outstanding under the Mortgage supplemented for less than six (6) months, if such bonds shall

have been issued, or the proceeds thereof shall have been used, directly or indirectly, for or on account of the pledge, acquisition, exchange, cancellation, payment, refundment, redemption or discharge at, before or after maturity of the bonds of any series theretofore issued under the Mortgage or of any "underlying bonds" or "specified obligations" as defined in Section 4 of Article III of the Mortgage; and

(ii) the aggregate principal of all indebtedness of the Company secured by a mortgage lien upon the properties or assets of the Company, which is a lien superior to the lien of the Mortgage, except (A) any such mortgage indebtedness the evidences of which shall then be pledged with the Trustee under the provisions of the Mortgage or pledged with the trustee under any mortgage constituting a lien superior to the lien of the Mortgage on any part of the properties or assets of the Company, and (B) any such mortgage indebtedness for the payment or redemption of which the necessary moneys shall have been deposited with the Trustee under the Mortgage securing the same; *provided, however*, that (1) the amount required by this subparagraph (a) to be placed to the credit of such "depreciation reserve account" in or for any calendar year shall be deemed to include and not to be in addition to amounts which, by the provisions of the Mortgage, the Company is required to add to any depreciation reserve account for such year, (2) nothing in this subparagraph (a) shall prevent the Company from crediting to such "depreciation reserve account", during or at the close of any calendar year, an amount greater than the amount required by this subparagraph (a) for such year, and (3) the Company may, from time to time, during each such calendar year, charge against such "depreciation reserve account" the cost of depreciable property retired by it during such year, including the cost, if any, of dismantling such retired property, less any salvage credits applicable thereto.

(b) The Company after it shall have issued bonds of Series UU in the aggregate principal amount of $75,000,000, shall not request the Trustee

(i) to authenticate bonds of any series under the Mortgage

(A) pursuant to Section 2 of Article III of the Mortgage for or on account of the acquisition and cancellation, or of the payment, cancellation, redemption or other discharge at, before or after maturity, affected prior to January 1, 1951, of any bonds of any series theretofore issued under the Mortgage, or

(B) pursuant to Section 4 of Article III of the Mortgage, for or on account of the pledge, acquisition, exchange, cancellation, payment, refundment, redemption or discharge effected prior to January 1, 1951, of "underlying bonds" or "specified obligations" mentioned in said Section 4, or

(C) pursuant to Section 5 of Article III of the Mortgage, for or in respect of expenditures made prior to January 1, 1951, for or on account of "permanent property", or

(ii) to pay to the Company any cash pursuant to Section 6 of said Article III for or on account of any transactions mentioned in clause (A) or clause (B) of subdivision (i) of this subparagraph (b) or for or in respect of any expenditures mentioned in clause (C) of subdivision (i) of this subparagraph (b).

Neither shall the Company request the Trustee to authenticate bonds of any series under the provisions of Section 4 of Article III of the Mortgage or to pay the Company any moneys under Section 6 of said Article III or under Article IX of the Mortgage for or on account of the payment, discharge and cancellation effected on or after January 1, 1944, at, before or after maturity of any of the Refunding Mortgage Five Per Cent Gold Bonds of the Company, dated September 1, 1897, due September 1, 1947.

(c) The Company shall not request the Trustee to authenticate bonds of any series under the Mortgage or to pay to the Company any cash deposited with or received by the Trustee under the Mortgage (except cash deposited with or received by the Trustee as and for a sinking fund for any series of bonds which have been or may hereafter be issued under the Mortgage), unless the Company as a part of such request, and in addition to all other documents required by the Mortgage to be delivered to the Trustee in connection with such request, shall deliver to the Trustee a certificate or certificates, signed by the President or the Executive Vice President or the Chief Financial Officer or a Vice President and by the Treasurer or an Assistant Treasurer of the Company:

(i) showing, in case such request is for the authentication of bonds pursuant to Section 5 of Article III of the Mortgage or for the payment of cash pursuant to Section 6 of said Article III for or in respect of expenditures made by the Company on or after January 1, 1951, for or on account of "permanent property":

(A) the total amount of expenditures (reduced to the extent required, if any, by the provisions of clause (G) of this subdivision (i)) made on or after January 1, 1951, for or on account of "permanent property";

(B) the original cost of all properties, subject to the lien of the Mortgage at any time on or after January 1, 1951, replaced or retired on or after January 1, 1951, less, if any such property shall have been released from the lien of the Mortgage pursuant to any applicable provision of the Mortgage and to obtain such release cash shall have been deposited with the Trustee, the amount of such cash;

(C) an amount equal to the sum of (1) 133-1/3% of the aggregate principal amount of bonds which have been authenticated after January 1, 1951, pursuant to Section 5 of Article III of the Mortgage for or

on account of such expenditures made on or after January 1, 1951, plus (2) 133-1/3% of the aggregate amount of deposited cash withdrawn after January 1, 1951, pursuant to the provisions of Section 6 of Article III of the Mortgage for or in respect of such expenditures made on or after January 1, 1951, plus (3) 133-1/3% of the aggregate amount of excess of the nature described in subdivision (2) of Section 4 of Article III of the Mortgage eliminated or compensated, as in said subdivision (2) provided, for or in respect of expenditures of the Company for or on account of "permanent property" during said period commencing January 1, 1951;

(D) an amount equal to 100% of the aggregate amount of moneys withdrawn by the Company pursuant to the provisions of Article IX of the Mortgage on or after January 1, 1951, for or in respect of expenditures made for or on account of "permanent property";

(E) an amount equal to the excess, if any, of the amount shown pursuant to clause (A) above over the sum of the amounts shown pursuant to clauses (B), (C) and (D) above;

(F) that, for a period of twelve (12) consecutive calendar months (to be selected by the Company) ending within ninety (90) days next preceding such request, the "net earnings of the Company" shall have been at least twice the amount of the annual interest requirement of all "mortgage and prior lien debt of the Company";

(G) that the amount of the expenditure, if any, included in the expenditures set forth in clause (A) above in respect of any particular "permanent property", which at the time of its acquisition was subject to the lien of any mortgage existing or placed thereon at the time of its acquisition, does not exceed an amount equal to the excess, if any, of the value (determined as provided in the first paragraph of Section 8 of Article III of the Mortgage) of such particular "permanent property" at the time of acquisition of such property over 133-1/3% of the principal amount of all indebtedness secured by all such mortgages existing or placed on such particular property at the time of the acquisition thereof, and that the amount of the expenditure, if any, included in the expenditures set forth in clause (A) above in respect of any particular "permanent property", which at the time of its acquisition was not subject to any such lien, does not exceed an amount equal to the value (determined as provided in the first paragraph of Section 8 of Article III of tile Mortgage) of such particular "permanent property" at the time of acquisition of such property;

(ii) showing, in case such request is for the authentication of bonds pursuant to Section 4 of Article III of the Mortgage or for the payment of cash pursuant to Section 6 of said Article III for or on account of the pledge, acquisition, exchange, cancellation, payment, refundment, redemption or

discharge effected on or after January 1, 1951, at, before or after maturity of any "specified obligations" mentioned in said Section 4, that at the time such "specified obligations" became "specified obligations" or at some later date the Company, pursuant to the provisions of Section 5 of Article III of the Mortgage, as limited by the provisions of this Section 1, shall have obtained, or shall have had the right to obtain, the authentication and delivery of bonds in any principal amount for or in respect of expenditures made on or after January 1, 1951, for or on account of "permanent property";

(iii) showing, in case such request shall be for the payment of moneys pursuant to Article IX of the Mortgage for or in respect of expenditures made for or on account of "permanent property", that none of such expenditures were made (1) prior to January 1, 1951, or (2) for or on account of "permanent property" acquired more than six months prior to the date when the Trustee received the moneys so to be paid (or in case of moneys representing the proceeds of obligations, referred to in said Article IX, the date when the Trustee received such obligations); and

(iv) showing, in case such request is for the application of any moneys pursuant to Article IX of the Mortgage to the payment, redemption or purchase of any "specified obligations", that such "specified obligations", if pledged under the Mortgage, would permit the Company to obtain the authentication of bonds in a principal amount equal to the principal amount of such "specified obligations" pursuant to the provisions of Section 4 of Article III of the Mortgage as limited by this provisions of this Section 1.

(d) In connection with any request for the authentication of bonds pursuant to Section 5 of Article III of the Mortgage or the payment of cash pursuant to Section 6 of said Article III of the Mortgage, for or in respect of expenditures made by the Company on or after January 1, 1951, the Company shall not obtain the authentication of bonds of any series under the Mortgage or the payment of any cash in excess of 75% of the amount shown in the certificate delivered as a part of such request pursuant to clause (E) of subdivision (i) of subparagraph (c) of this Section 1; and the Company shall not obtain the authentication of any bonds or the payment of any cash deposited with or received by the Trustee under the Mortgage otherwise than in accordance with the provisions of the Mortgage as supplemented.

(e) Wherever used in this Supplemental Indenture

(i) "mortgage and prior lien debt of the Company", as of the date of any request to the Trustee for the authentication of bonds or the payment of cash, shall mean:

(A) all the bonds then outstanding under the Mortgage, less the amount of any of such bonds which shall then be held by or be delivered to the Trustee for cancellation under any of the provisions of the Mortgage, and less the amount of any such bonds for the payment or

redemption of which the necessary moneys shall have been deposited under the Mortgage with the Trustee to effect such payment or redemption;

(B) the bonds then requested to be authenticated under the Mortgage; and

(C) all mortgage indebtedness secured by a lien superior to the lien of the Mortgage on any part of the properties and assets of the Company, except any such mortgage indebtedness the evidences of which shall then be pledged with the Trustee under the provisions of the Mortgage or pledged with the Trustee under any mortgage constituting a lien superior to the lien of the Mortgage on any part of the properties and assets of the Company, and except any such mortgage indebtedness for the payment or redemption of which the necessary moneys shall have been deposited with the trustee under the mortgage securing the same to effect such payment or redemption;

(ii) "net earnings of the Company" for any twelve (12) months' period shall mean the amount remaining after deducting from the sum of

(A) the gross operating revenues of the Company for such period derived from its property subject to the lien of the Mortgage, including but not limited to revenues derived from electrical energy, gas or steam purchased by the Company and resold by it, and the net income derived by the Company from its merchandising and jobbing operations; and

(B) other income of the Company for such period derived from interest on bank balances and from current working capital invested in unpledged obligations of the United States of America or of any state or of any municipality or subdivision thereof, and other currently earned income of the Company derived from the ownership of securities, in the treasury of the Company and unpledged, of operating electric, gas or steam companies (including natural or mixed gas production, storage, transportation or distribution companies) or from unpledged advances to such companies any of the securities of which are so owned, the sum of the following:

(C) operating expenses of the Company for such period, including maintenance and repairs, rentals, taxes (except taxes based upon net income), insurance and the cost of electrical energy, gas or steam purchased for resale, but excepting expenses in connection with operations, the net income only of which is included in clause (A) of subdivision (ii) of this subparagraph (e), and excepting all reserves or charges for amortization of debt discount and expense; and

(D) an amount, if such period shall end with the close of a calendar year, equal to the amount which the Company is required by subparagraph (a) of this Section 1 to place, during or at the close of such calendar year, to the credit of the "depreciation reserve account", mentioned in said subparagraph (a) (all determined without deduction for any charge made to the "depreciation reserve account" permitted by clause (3) of the proviso of subparagraph (a) of this Section (1), or, if such period shall include parts of two (2) calendar years, then an amount which shall be determined by (1) prorating, on a monthly basis over the portion of the earlier year thus included, the amount which the Company shall have been so required to credit to the "depreciation reserve account" during or at the close of such earlier year, and (2) prorating, on a monthly basis over the portion of the later of said two (2) years thus included, the amount which the Company would be required to credit to such "depreciation reserve account" if such credit were placed to such account at the close of such period;

provided, however, that the amount of other income of the Company, referred to in clause (B) of subdivision (ii) of this subparagraph (e), shall not exceed 10% of said net earnings; and income in the form of dividends received by the Company upon stock of any class owned by it shall be considered as currently earned under the provisions of said clause (B) to the extent that during such period the earnings of the paying company shall be sufficient for the payment of dividends upon all stock of such class during such period; and income in the form of interest received by the Company upon evidences of indebtedness of any class owned by it shall be considered as currently earned under the provisions of said clause (B) to the extent that during such period the earnings of the paying company shall be available for the payment of the interest accruing during such period upon all indebtedness of such class, after deducting from such earnings all interest charges accruing during such period upon obligations secured by prior liens; and, in case any property owned by the Company at the date of the request to the Trustee for the authentication of bonds or payment or withdrawal of cash shall not have been owned by it during any part of any such period, or shall have been owned by it during a part only of such period, then and in every such case the net earnings (or net losses) of such property (ascertained in like manner as above provided) during said period, or during such part thereof as shall have preceded the acquisition of such property by the Company, shall be considered and treated as net earnings (or net losses) of the Company for such period, and shall be included in (or, if a net loss, deducted in determining) such net earnings of the Company;

(iii) "permanent property" shall mean any and all plants, equipment, additions, improvements, betterments, facilities, or other property of any kind (and includes "extensions" and "purchased property" as those terms are used in the Mortgage) acquired through construction, purchase, consolidation, exchange or otherwise, as and for a part of the permanent or fixed investment for the business of the Company and used or useful in connection with the generation and conversion of electrical energy or in the manufacture of gas or steam or in the

distribution or transmission of electrical energy or gas or steam in the territory in which the Company is now operating its present properties, or in territory contiguous thereto, or in territory capable of economic interconnection therewith, but "permanent property" shall not include cash, accounts or bills receivable, securities, supplies, fuel or other assets ordinarily classed as quick assets, or leasehold estates;

(iv) "original cost" of property shall mean the original cost of such property to the Company if ascertainable from its records or, if such original cost is not ascertainable, the value of such property at the time of its acquisition, such value to be determined by an engineer or firm of engineers to be selected by the Company and to be acceptable to the Trustee, and the Trustee under such circumstances shall be furnished with a certificate of such value signed by such engineer or firm of engineers.

(f) In connection with any request to the Trustee for the authentication of bonds, pursuant to the provisions of Section 5 of Article III of the Mortgage or the payment of cash pursuant to the provisions of Section 6 of said Article III or the provisions of Article IX of the Mortgage or the elimination or compensation of any excess of the nature described in subdivision (2) of Section 4 of said Article III, for or on account of expenditures for "permanent property", the Company shall furnish to the Trustee, in addition to the certificates and other documents required to be delivered by the provisions of the Mortgage and the provisions of other subparagraphs of this Section 1, the following:

(i) An opinion of counsel (who may be counsel for the Company), selected by the Company and satisfactory to the Trustee, stating that the Company has acquired good title to the property for or on account of the expenditures for which additional bonds are requested to be authenticated and that such property is subject to the Mortgage as a direct lien thereon, subject only to the lien of any mortgages or easements existing or placed on any of such property at the time of its acquisition, liens for taxes and assessments not due or, if due, in the course of contest, judgments in the course of appeal or otherwise in contest and secured by sufficient bond, liens arising out of proceedings in court in the course of contest and undetermined liens and charges (if any) incidental to current construction; and

(ii) A certificate signed by the President or the Executive Vice President or the Chief Financial Officer or a Vice President and also by the Treasurer or an Assistant Treasurer of the Company certifying that the property for or on account of the expenditures for which bonds are requested to be authenticated or cash is requested to be paid is "permanent property".

(g) The Company shall not hereafter issue any bonds under any "underlying mortgage" as defined in Section 4 of Article III of the Mortgage, or under any mortgage which could become such an "underlying mortgage" upon compliance with clause (b) of the proviso of subdivision (2) of said Section 4.

(h) The Company shall not request the Trustee to authenticate any bonds under the provisions of Section 2 or Section 3 or Section 4 of Article III of the Mortgage and shall not apply for the payment of cash under Section 6 of said Article or under Article IX of the Mortgage (i) for or on account of bonds of Series J deposited by the Company with the Trustee in lieu of cash under the provisions of the sinking fund provided for in the supplemental indenture, dated as of May 1, 1961, or for or on account of bonds of Series J redeemed through the operation of said sinking fund, or (ii) for or on account of bonds of Series K redeemed through the operation of the sinking fund provided for in the supplemental indenture dated as of July 15, 1966, or (iii) for or on account of bonds of Series L redeemed through the operation of the sinking fund provided for in the supplemental indenture dated as of August 15, 1967, or (iv) for or on account of bonds of Series M redeemed through the operation of the sinking fund provided for in the supplemental indenture dated as of September 15, 1970, or (v) for or on account of bonds of Series N redeemed through the operation of the sinking fund provided for in the supplemental indenture dated as of April 1, 1972, or (vi) for or on account of bonds of Series O redeemed through the operation of the sinking fund provided for in the supplemental indenture dated as of July 15, 1973, or (vii) for or on account of bonds of Series T redeemed through the operation of the sinking fund provided for in the supplemental indenture dated as of August 15, 1980, or (viii) on account of any cancelled or uncancelled underlying bonds (or any uncancelled underlying bonds deposited as collateral under Section 4 of Article III of the Mortgage) which shall have been deposited under the provisions of the supplemental indenture, dated as of August 1, 1941, in lieu of cash.

(i) In the event of the acquisition at any time by any federal, state or municipal authority of all or substantially all of the income-producing properties of the Company which are subject to the lien of the Mortgage, the Company shall be deemed to have elected to redeem and to have requested the Trustee to redeem all the bonds of all series at the respective applicable redemption price or prices (together with accrued interest to the date of redemption), without the payment of any premium, on a date determined by the Trustee in its discretion to be the earliest practicable redemption date after receipt by the Trustee of all cash which the Trustee is entitled to receive in respect of such acquisition by such federal, state or municipal authority. If the cash so received by the Trustee and all other cash then held by the Trustee as such, except funds held in trust for the benefit of the holders of particular bonds and coupons, is not sufficient to effect the redemption of all the bonds of all series as aforesaid and to pay all amounts owing to the Trustee under the Mortgage as supplemented (including fees and expenses to be incurred by the Trustee in connection with such redemption), the Company covenants and agrees that, within five (5) days after receipt by the Trustee of all cash which the Trustee is entitled to receive as aforesaid in respect of such acquisition, the Company will deposit with the Trustee for that purpose cash in an amount sufficient to make up such deficiency.

Upon receipt by the Trustee of moneys sufficient for said purposes, notice of such redemption shall be given by the Trustee for and on behalf and in the name of the Company. To the extent that such cash received, held and deposited as aforesaid shall be required for the purpose of redeeming bonds pursuant to this subparagraph (i), the

Company shall be deemed to have directed the Trustee to apply the same for the purpose, and the balance, if any, after payment of all said amounts owing to the Trustee, shall be paid to or upon the order of the Company.

(j) The Company shall promptly classify as "property replaced or retired", for the purposes of clause (B) of subdivision (i) of subparagraph (c) of this Section 1 during any period all property which has been replaced or has permanently ceased to be used or useful in the business of the Company, but the Company shall not, in making such classification, be bound by determinations, rulings or orders made by regulatory authorities for rate-making or other purposes.

(k) The Company shall not consolidate with or merge into any other corporation or transfer or lease all or substantially all the mortgaged property as an entirety to any other corporation, unless the corporation resulting from such consolidation or the corporation into which the Company shall have been merged or the corporation to which such transfer or lease shall have been made shall, by an instrument executed and delivered to the Trustee, assume the due and punctual payment of the principal of and premium, if any, and interest on all the bonds of all series according to their tenor at the time outstanding under the Mortgage and the due and punctual performance and observance of all the covenants and conditions of the Mortgage and all indentures supplemental thereto to be performed or observed by the Company.

Section 2. *After-Acquired Property Subject to Mortgage.* The Company covenants and agrees that any and all property hereafter acquired by the Company and any and all improvements, extensions, betterments or additions to property of the Company, which by the Original Mortgage or any indenture supplemental thereto are to become subject to the Mortgage, immediately upon the acquisition thereof by the Company or upon such improvements, extension, betterments, or addition being made, as the case may be, and without any further conveyance, mortgage, assignment or act on the part of the Company or the Trustee, or either of them shall become and be subject to the lien of the Mortgage fully and completely as though owned by the Company at the date of the execution of the Original Mortgage and at the date of the Indenture dated the first day of March, 1928, mentioned in the second paragraph of the recitals of this Supplemental Indenture and at the dates of the supplemental indentures dated May 20, 1936, March 10, 1950, as of June 1, 1951, as of August 15, 1967, as of September 15, 1970, as of March 1, 2000, as of February 1, 2003, as of February 1, 2003, as of February 15, 2003, as of April 15, 2003, as of October 1, 2003, as of October 1, 2003, as of November 1, 2003, as of January 1, 2005, as of November 1, 2008 and as of November 1, 2008 respectively, mentioned in the fourth paragraph of the recitals of this Supplemental Indenture, and at the date of this Supplemental Indenture, and specifically described in the granting clauses of the Original Mortgage or said Indenture or said supplemental indentures, but the provisions of this Section 2 shall not limit the generality of the provisions of Sections 12 and 13 of Article IV of the Original Mortgage.

Section 3. *Documents to Furnish Upon Acquisition of Land.* The Company covenants and agrees that in the furtherance of, but without limiting the generality of, the provisions of Sections 12 and 13 of Article IV of the Mortgage or of Section 2 of this Article II, the Company will furnish to the Trustee on November 1, 1944, and thereafter within sixty (60)

days after and as often as the Company shall have acquired, subsequent to September 3, 1944, any additional land or lands or interest or interests in land, or any new plant or plants, not included in any certificate theretofore furnished pursuant to this Section 3, the aggregate cost of which shall equal or exceed $500,000, and at such other times as thirty six (36) months shall have elapsed since the date of furnishing the last preceding certificate to the Trustee pursuant to this Section 3, the following:

(a) a certificate, signed by the President or the Executive Vice President or the Chief Financial Officer or a Vice President and by the Treasurer or an Assistant Treasurer of the Company and dated as of a date not more than sixty (60) days preceding the date as of which such certificate is required to be filed pursuant to this Section 3, briefly describing any additional land or interest in land and any new plant which the Company may have acquired since the date of the most recent Certificate furnished to the Trustee pursuant to this Section, or, in the case of the first such certificate, since the date of the execution and delivery of the Indenture dated the first day of March, 1928 mentioned in the second paragraph of the recitals of this Supplemental Indenture, which is required by the provisions of the Mortgage and this Supplemental Indenture, to be subjected to the lien of the Mortgage;

(b) the mortgages, deeds, covenants, assignments, transfers and instruments of further assurance, if any, specified in the opinion of counsel referred to in the following subparagraph (c); and

(c) an opinion of counsel, who may be counsel for the Company, specifying the mortgages, deeds, covenants, assignments, transfers and instruments of further assurance which will be sufficient to subject to the direct lien of the Mortgage (so far as permitted by law) all the Company's right, title and interest in and to the land and interest in land and any plant described in said certificate, or stating that no such mortgage, deed, conveyance, assignment, transfer or instrument of further assurance is necessary for such purpose, and that, upon the recordation or filing or registering, in the manner stated in such opinion, of the instruments so specified, if any, and upon the recordation and filing and registering of the Mortgage or any supplemental indenture in the manner stated in such opinion, or without any such recordation or filing or registering if such opinion shall so state, the Mortgage will (so far as permitted by law) constitute a valid lien upon all the Company's right, title and interest in and to such land, interest in land or plant as against all creditors and subsequent purchasers, subject only to the lien of any mortgages or easements existing or placed on such property at the time of its acquisition by the Company, liens for taxes and assessments not due, or, if due, in the course of appeal or otherwise in contest, liens arising out of proceedings in court in the course of contest and undetermined liens and charges (if any) incidental to current construction.

For the purposes of this Section 3, any certificate heretofore or hereafter delivered to the Trustee pursuant to Section 3 of Article III of Division B of the supplemental indenture dated as of June 1, 1951, or pursuant to Section 3 of Article III of the Supplemental Indenture dated as of July 1, 1954, or pursuant to Section 3 of Article III of any of the supplemental indentures dated, as of May 1, 1961, as of July 15, 1966, as of August 15, 1967, as of September 15, 1970, as of April 1, 1972, or as of July 15, 1973, or pursuant to Section 3 of Article II of any of the

Supplemental Indentures dated as of October 1, 1973, as of October 1, 1974, as of December 1, 1974, or as of April 1, 1975, or pursuant to Section 3 of Article III of the Supplemental Indenture dated as of August 15, 1980, or pursuant to Section 3 of Article II of any of the supplemental indentures dated as of June 1, 1984, as of June 1, 1984, as of October 1, 1984, as of March 1, 1985, as of March 1, 1985, as of March 1, 1985, as of March 1, 1985, as of May 1, 1990, as of April 1, 1993, as of December 1, 1993, as of June 1, 1995, as of March 1, 2000, as of March 1, 2000, as of March 1, 2000, as of March 1, 2000, as of February 1 2003, as of February 1, 2003, as of February 15, 2003, as of April 15, 2003, as of October 1, 2003, as of October 1, 2003, as of November 1, 2003, as of January 1, 2005, as of November 1, 2008 or as of November 1, 2008 shall be deemed to have been delivered in compliance with this Section 3.

Section 4. Discharge of Prior Liens. The Company covenants and agrees that, upon cancellation and discharge of any "prior lien", the Company shall cause all cash or obligations then held by the trustee or other holder of such prior lien, which were received by such trustee or other holder by reason of the release of, or which represent the proceeds of the taking by eminent domain or any disposition of, or the proceeds of insurance on, any of the properties at any time subject to the lien of the Mortgage (including all proceeds of or substitutions for any thereof), to be paid to or deposited and pledged with the Trustee, subject to any lien or charge prior to the lien of the Mortgage, such cash to be held and paid over or applied by the Trustee, and such obligations to be held and disposed of, as provided in Article IX of the Mortgage; *provided, however*, that in lieu of taking or delivering to the Trustee all or any part of such cash or obligations, the Company may deliver to the Trustee a certificate of the trustee or such other holder of such prior lien, stating that a specified amount thereof has been deposited with such trustee or other holder pursuant to the requirements of such other prior lien, in which case there shall also be delivered to the Trustee an opinion of counsel, who may be counsel for the Company, stating that such deposit is required by such other prior lien. The term "prior lien" as used in this Section 4 shall mean and include any "underlying mortgage" and shall also mean and include any other lien (except liens for taxes and assessments not due, or, if due, in the course of appeal or otherwise in contest, liens arising out of proceedings in court in course of contest and undetermined liens and charges, if any, incidental to current construction) prior to the lien of the Mortgage upon property acquired by the Company after the execution and delivery of the Indenture, dated the first day of March, 1928, referred to in the second paragraph of the recitals of this Supplemental Indenture, existing on said property or placed thereon to secure unpaid portions of the purchase price, at the time of such acquisition.

ARTICLE III
MISCELLANEOUS

Section 1. Trustee's Acceptance. The Trustee hereby accepts the trusts hereunder and agrees to perform the same upon the terms and subject to the applicable provisions of the Mortgage and the indentures supplemental thereto now in effect.

Section 2. Execution of Supplemental Indenture. This Supplemental Indenture is executed by the parties hereto pursuant to the provisions of Article XVI of the Mortgage, and so long as any of the bonds of Series UU are or shall be outstanding the terms and conditions of this Supplemental Indenture shall be deemed to be a part of the terms and conditions of the Mortgage for any and all purposes. The provisions of this Supplemental Indenture shall be inapplicable

and shall terminate and become void and of no effect upon the payment or redemption of all of the bonds of Series UU in accordance with the provisions of the Mortgage and of the bonds of Series UU.

Section 3. *Assignment.* All covenants, conditions and provisions contained in this Supplemental Indenture by or on behalf of the Company shall bind its successors and assigns, whether so expressed or not, legally or equitably under or by reason of this Supplemental Indenture.

Section 4. *Effective Time of Supplemental Indenture.* Although this Supplemental Indenture is dated as of September 1, 2009, it shall be effective only from the actual time of its execution and delivery by the Company and the Trustee on the date indicated by their respective acknowledgments hereto annexed.

Section 5. *Governing Law.* This Supplemental Indenture shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the law of the State of Illinois, excluding choice-of-law principles of such State that would permit the application of the laws of a jurisdiction other than such State.

Section 6. *Counterparts.* This Supplemental Indenture may be simultaneously executed in any number of counterparts and all such counterparts executed and delivered, each as an original, shall constitute but one and the same instrument entered into by the parties hereto pursuant to the provisions of Article XVI of the Mortgage.

IN WITNESS WHEREOF, THE PEOPLES GAS LIGHT AND COKE COMPANY has caused this instrument to be executed in its corporate name by its Chairman, President, the Executive Vice President, the Chief Financial Officer, Treasurer or a Vice President, and its corporate seal to be hereunto affixed and attested by its Secretary or an Assistant Secretary, and U.S. Bank National Association, as Trustee under the Mortgage, has caused this instrument to be executed in its corporate name by one of its Vice Presidents and its corporate seal to be hereto affixed and attested by one of its Assistant Vice Presidents, all as of the day and year first above written.

THE PEOPLES GAS LIGHT AND COKE COMPANY

(SEAL)

By: /s/ Bradley A. Johnson
Bradley A. Johnson
Its: Treasurer

ATTEST:

/s/ Barth J. Wolf
Barth J. Wolf
Its: Secretary

U.S. BANK NATIONAL ASSOCIATION

(SEAL)

By /s/ Richard Prokosch
Richard Prokosch
Its: Vice President

ATTEST:

/s/ Raymond Haverstock
Raymond Haverstock
Its: Vice President

STATE OF WISCONSIN)
) SS
COUNTY OF BROWN)

I, Christine G. Wiesner, a Notary Public in and for said County and State aforesaid, DO HEREBY CERTIFY that Bradley A. Johnson, the Treasurer of The Peoples Gas Light and Coke Company, an Illinois corporation, and Barth J. Wolf, the Secretary of said corporation, who are both personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Treasurer and Secretary, respectively, and who are both personally known to me to be the Treasurer and Secretary, respectively, of said corporation, appeared before me this day in person and severally acknowledged that they signed, sealed and delivered said instrument as their free and voluntary act as such Treasurer and Secretary, respectively, of said corporation, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal the 30th day of September, 2009.

/s/ Christine G. Wiesner
Notary Public, Christine G. Wiesner

My commission expires on the 30th day of May 2010.

STATE OF MINNESOTA)
) SS
COUNTY OF RAMSEY)

I, Denise R. Landeen, a Notary Public in and for said County and State aforesaid, DO HEREBY CERTIFY that Richard Prokosch, a Vice President of U.S. Bank National Association, a corporation organized under the laws of the United States of America, and Raymond Haverstock, a Vice President of said corporation, who are both personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such Vice President and Vice President, respectively, and who are both personally known to me to be Vice President and Vice President, respectively, of said corporation, appeared before me this day in person and severally acknowledged that they signed, sealed and delivered said instrument as their free and voluntary act as Vice President and Vice President, respectively, of said corporation, and as the free and voluntary act of said corporation, for the uses and purposes therein set forth.

GIVEN under my hand and notarial seal the 30th day of September, 2009.

/s/ Denise R. Landeen
Notary Public

My commission expires on the 31st day of January 2012.

SCHEDULE A

The Company hereby mortgages and conveys unto the Trustee, its successor or successors in trust, the property described below.

TO HAVE AND TO HOLD all of said property hereby conveyed and mortgaged or intended to be conveyed and mortgaged, together with the rents, issues and profits thereof, unto the Trustee, and its successor or successors in trust and their assigns in trust, under the and subject to all of the terms, conditions and provisions of the Mortgage (as the Mortgage is defined herein) and of this Supplemental Indenture as fully and in all respects as if said property had originally been described in said Mortgage.

Subject, however, to the reservations, exceptions, limitations and restrictions contained in the several deeds, leases, servitudes, contracts or other instruments through which the Company acquired and/or claimed title to and/or enjoys the use of the mortgaged property, and subject also to any mortgages or easements existing or placed on any of said property at the time of its acquisition, liens for taxes and assessments not due or, if due, in the course of contest, judgments in the course of appeal or otherwise in contest and secured by sufficient bond, liens arising out of proceedings in court in the course of contest and undetermined liens or charges (if any) incidental to construction, and subject also to such servitude, easements, rights and privileges in, over, on or through said property as may have been granted by the Company to other persons prior to the date of this Supplemental Indenture.

BUT IN TRUST, NEVERTHELESS, for the equal and proportionate benefit and security of the holders of all bonds and interest coupons now or hereafter issued under the Mortgage and for the enforcement of and payment of said bonds and coupons when payable and the performance of and compliance with the covenants and conditions of the Mortgage without any preference, distinction or priority as to lien or otherwise of any bond or bonds over others by reason of difference in time of the actual issue, sale or negotiation thereof; but so that each and every bond now or hereafter issued under the Mortgage shall have the same lien so that the interest and principal of any and all of such bonds shall, subject to the terms of the Mortgage, be equally and proportionately secured thereby, as if they had been made, executed, delivered, sold and negotiated simultaneously with the execution thereof.

UPON CONDITION that, until the happening of an event of default as provided in the Mortgage, the Company shall be suffered and permitted to possess, use and enjoy the property, rights, privileges and franchises conveyed herein and to receive and use the rents, issues, income, revenues, earnings and profits thereof.

(continued on next page)

DESCRIPTION OF CERTAIN PROPERTY
SUBJECT TO THE LIEN OF THE MORTGAGE

Easements, Rights of Way and Other Property Interests

All rights of way, easements, franchises, licenses, permits, privileges, leases, leaseholds and other authority granted to the Company for the purpose of constructing, installing, operating, using, maintaining, renewing, replacing or relocating gas mains, pipelines, services and other facilities on, over or in private property owned by others, including, without limiting the generality of the foregoing, those certain easements granted to the Company by the grantors hereinafter named and filed for record and recorded as hereinafter set forth, to wit:

Cook County

Grantor	Cook County Document Number	Permanent Index Number	Date of Instrument	Date Recorded
Saliers Development	0829118041	13-36-422-023-0000	10/16/2008	10/17/2008
		13-36-422-024-0000		
Chicagoland Laborer's District Council Training and Apprentice Fund	0829439030	13-32-400-050-0000	10/17/2008	10/20/2008
		13-32-400-048-0000		
Scottsdale Center	0830529043	19-34-100-006-0000	10/30/2008	10/31/2008
		19-34-100-007-0000		
JTA Development	0834718088	25-29-111-001-0000	12/12/2008	12/12/2008
		25-29-112-001-0000		
		25-29-112-002-0000		
		25-29-112-003-0000		
		25-29-112-004-0000		
		25-29-112-005-0000		
		25-29-112-006-0000		
		25-29-112-007-0000		
		25-29-112-011-0000		
Chicago Housing Authority	0922603052	20-03-107-005-0000	08/13/09	08/14/09
		20-03-107-006-0000		
		20-03-107-007-0000		
		20-03-107-020-0000		

Will County

Grantor	Will County Document Number	Permanent Index Number	Date of Instrument	Date Recorded
PERC Holdings, LLC	R2008150209	11-07-400-011-0000	12/22/08	12/30/08

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Charles A. Schrock, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K/A of Integrys Energy Group, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. [Intentionally omitted];

4. The registrant's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

   d) Disclosed in this annual 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 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: April 23, 2010

/s/ Charles A. Schrock
Charles A. Schrock
Chairman, President and Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-14(a)
or 15d-14(a) under the Securities Exchange Act of 1934

I, Joseph P. O'Leary, certify that:

1. I have reviewed this Amendment No. 1 to the Annual Report on Form 10-K/A of Integrys Energy Group, Inc.;

2. Based on my knowledge, this annual 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 annual report;

3. [Intentionally omitted];

4. The registrant's other certifying officer 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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 annual report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

   d) Disclosed in this annual 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 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: April 23, 2010

/s/ Joseph P. O'Leary
Joseph P. O'Leary
Senior Vice President and Chief Financial Officer