UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002
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 1-14756

AMEREN CORPORATION

(Exact name of registrant as specified in its charter)

Missouri	43-1723446
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1901 Chouteau Avenue, St. Louis, Missouri 63103
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (314) 621-3222

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $ .01 par value and Preferred Share Purchase Rights	New York Stock Exchange
Normal Units	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None.

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 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 an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes (X). No ( ).

As of June 28, 2002, the registrant had 144,774,189 shares of its $.01 par value common stock outstanding. The aggregate market value of these shares of common stock (based upon the closing price of these shares on the New York Stock Exchange on that date) held by non-affiliates was $301,580,783.

As of March 21, 2003, the registrant had 160,720,970 shares of its $.01 par value common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the registrant's 2002 Annual Report to Shareholders (the 2002 Annual Report) are incorporated by reference into Parts I, II and IV. The registrant's consolidated financial statements for the fiscal year ended December 31, 2002, including the notes thereto, and the Management's Discussion and Analysis of Financial Condition and Results of Operations for the registrant, contained in the portions of the 2002 Annual Report incorporated by reference herein were also filed with the Commission by the registrant on its Current Report on Form 8-K dated March 5, 2003.

Portions of the registrant's definitive proxy statement for the 2003 annual meeting of shareholders are incorporated by reference into Part III.

TABLE OF CONTENTS

This Form 10-K contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements should be read with the cautionary statements and important factors included in this Form 10-K at page 12 under the heading Forward-Looking Statements. Forward-looking statements are all statements other than statements of historical fact, including those statements that are identified by the use of the words "anticipates," "estimates," "expects," "intends," "plans," "predicts," "projects" and similar expressions.

PART I

ITEM 1. BUSINESS

GENERAL

Ameren Corporation (Ameren) was incorporated in Missouri on August 7, 1995. On December 31, 1997, following the receipt of all required approvals, CIPSCO Incorporated (CIPSCO) and Union Electric Company combined with the result that the common shareholders of CIPSCO and Union Electric Company became the common shareholders of Ameren, and Ameren became the owner of 100% of the common stock of Union Electric Company and the operating subsidiaries of CIPSCO: Central Illinois Public Service Company and CIPSCO Investment Company. We completed our acquisition of CILCORP Inc. (CILCORP) on January 31, 2003 and of AES Medina Valley Cogen (No. 4) LLC on February 4, 2003 from The AES Corporation (AES). See CILCORP Acquisition below for further information.

When we refer to Ameren, our, we or us, we are referring to Ameren Corporation on a consolidated basis. In certain circumstances, our subsidiaries are specifically referenced in order to distinguish among their different business activities.

Ameren is a public utility holding company registered with the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935 (PUHCA), as amended, and does not own or operate any significant assets other than the stock of its subsidiaries. Ameren is headquartered in St. Louis, Missouri. Dividends on Ameren's common stock are dependent on distributions to be made to it by its subsidiaries. Our primary subsidiaries are as follows:

o Union Electric Company, which operates a rate-regulated electric generation, transmission and distribution business, and a rate-regulated natural gas distribution business in Missouri and Illinois as AmerenUE. AmerenUE was incorporated in Missouri in 1922 and is successor to a number of companies, the oldest of which was organized in 1881. It is the largest electric utility in the State of Missouri and supplies electric and gas service in parts of central and eastern Missouri and west central Illinois having an estimated population of 2.6 million within an area of approximately 24,500 square miles, including the greater St. Louis area. AmerenUE supplies electric service to approximately 1.2 million customers and natural gas service to approximately 130,000 customers.
o Central Illinois Public Service Company, which operates a rate-regulated electric and natural gas transmission and distribution business in Illinois, as AmerenCIPS. AmerenCIPS was incorporated in Illinois in 1902. It supplies electric and gas utility service to portions of central and southern Illinois having an estimated population of 820,000 within an area of approximately 20,000 square miles. AmerenCIPS supplies electric service to approximately 325,000 customers and natural gas service to approximately 170,000 customers.
o Central Illinois Light Company, a subsidiary of CILCORP Inc., which operates a rate-regulated transmission and distribution business, an electric generation business, and a rate-regulated natural gas distribution business in Illinois as AmerenCILCO. AmerenCILCO was incorporated in Illinois in 1913. It supplies electric and gas utility service to portions of central and east central Illinois in an area of approximately 3,700 and 4,500 square miles, respectively. AmerenCILCO supplies electric service to about 200,000 customers and natural gas service to about 205,000 customers. See CILCORP Acquisition below for further information.
o AmerenEnergy Resources Company (Resources Company), which consists of non rate-regulated operations. Subsidiaries include AmerenEnergy Generating Company (Generating Company) that operates non rate-regulated electric generation in Missouri and Illinois, AmerenEnergy Marketing Company (Marketing Company), which markets power for periods over one year, AmerenEnergy Fuels and Services Company, which procures fuel and manages the related risks for our affiliated companies and AmerenEnergy Medina Valley Cogen (No. 4), LLC which indirectly owns a 40 megawatt, gas-fired electric generation plant. On February 4, 2003, we completed our acquisition of AES Medina Valley Cogen (No. 4), LLC from AES and renamed it AmerenEnergy Medina Valley Cogen (No. 4), LLC. See CILCORP Acquisition below for further information. Generating Company was incorporated in Illinois in March 2000 in conjunction with the Illinois Electric Service Customer Choice and Rate Relief Law of 1997 (the Illinois Law). This Illinois Law provides for electric utility restructuring and introduces competition into the retail supply of electric energy in Illinois. Generating Company commenced operations on May 1, 2000 when AmerenCIPS transferred to Generating Company all of the following: its generating assets, consisting of the generating facilities described below under Item
2. Properties; all related fuel, supply, transportation, maintenance and labor agreements; approximately 45% of AmerenCIPS' employees; and some other related rights, assets and liabilities.

o AmerenEnergy, Inc. (AmerenEnergy) which serves as a power marketing and risk management agent for our affiliated companies for transactions of primarily less than one year.
o Electric Energy, Inc. (EEI), which operates electric generation and transmission facilities in Illinois. EEI supplies electric power primarily to a uranium enrichment plant located in Paducah, Kentucky. We have a 60% ownership interest in EEI and consolidate it for financial reporting purposes.
o Ameren Services Company (Ameren Services), which provides shared support services to us and our subsidiaries.

For additional information regarding the acquisition of CILCORP and AES Medina Valley Cogen (No. 4), LLC, see Recent Developments in Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes 1 and 18 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8.

For the year 2002, 91.7% (2001 - 90.9%; 2000 - 91.5%) of our operating revenues were derived from the sale of electric energy, 8.2% (2001 - 8.9%; 2000
- 8.4%) came from the sale of natural gas, and 0.1% (2001 - 0.2%; 2000 - 0.1%) came from other sources.

We employed 7,422 employees at December 31, 2002. For information on a voluntary retirement program offered in December 2002 and on labor agreements and other labor matters, see Note 9 and Note 14, respectively, to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Item 8.

CILCORP Acquisition

On January 31, 2003, after receipt of the necessary regulatory agency approvals and clearance from the Department of Justice under the Hart-Scott-Rodino Antitrust Improvements Act, we completed our acquisition of all of the outstanding common stock of CILCORP from AES. CILCORP is the parent company of Peoria, Illinois-based Central Illinois Light Company, which operated as CILCO. With the acquisition, CILCO became an Ameren subsidiary, but remains a separate utility company, operating as AmerenCILCO. On February 4, 2003, we also completed our acquisition of AES Medina Valley Cogen (No. 4), LLC (Medina Valley), which indirectly owns a 40 megawatt, gas-fired electric co-generation plant. With the acquisition, Medina Valley became a wholly-owned subsidiary of Resources Company and was renamed AmerenEnergy Medina Valley Cogen (No. 4), LLC. The CILCORP and AmerenEnergy Medina Valley Cogen (No. 4), LLC financial statements will be included in our consolidated financial statements effective with the January and February 2003 acquisition dates.

We acquired CILCORP to complement our existing Illinois electric and gas operations. The purchase included CILCO's rate-regulated electric and natural gas businesses in Illinois serving approximately 200,000 and 205,000 customers, respectively, of which approximately 150,000 are combination electric and gas customers. CILCO's service territory is contiguous to our service territory. CILCO also has a non rate-regulated electric and gas marketing business principally focused in the Chicago, Illinois region. Finally, the purchase includes approximately 1,200 megawatts of largely coal-fired generating capacity, most of which is expected to become non rate-regulated in 2003.

The total purchase price was approximately $1.4 billion and included the assumption of CILCORP and Medina Valley debt and preferred stock at closing of approximately $900 million, with the balance of the purchase price of approximately $500 million paid with cash on hand. The purchase price is subject to certain adjustments for working capital and other changes pending the finalization of CILCORP's closing balance sheet. The cash component of the purchase price came from Ameren's issuances in September 2002 of 8.05 million common shares and in early 2003 of 6.325 million common shares.

For additional information regarding our business operations, see Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 1 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8.

CAPITAL PROGRAM AND FINANCING

For information on our capital program and financial needs, see Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes 5, 7, 8 and 14 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8.

Financing

In August 2002, a shelf registration statement filed by AmerenUE with the SEC on Form S-3 was declared effective. This statement authorized the offering from time to time of up to $750 million of various forms of long-term debt and trust preferred securities to refinance existing debt and preferred stock and for general corporate purposes, including the repayment of short-term debt incurred to finance construction expenditures and other working capital needs. On March 10, 2003, AmerenUE issued, pursuant to the shelf registration referred to above, $184 million of 5.50% senior secured notes due March 15, 2034. AmerenUE expects to use the net proceeds of the issuance of approximately $180 million, along with other funds to redeem prior to maturity $104 million principal amount of outstanding 8.25% first mortgage bonds due October 15, 2022, at a redemption price of 103.61% of par, plus accrued interest, and to repay short-term debt incurred to pay at maturity $75 million principal amount of 8.33% first mortgage bonds that were due in December 2002.

To issue first mortgage bonds and preferred stock, AmerenCIPS and AmerenUE each must comply with earnings tests contained in their respective mortgages and Articles of Incorporation. For the issuance of additional first mortgage bonds, generally, earnings coverage of twice the annual interest charges on first mortgage bonds outstanding and to be issued is required. Generally, for the issuance of additional preferred stock, earnings coverage of one and one-half times annual interest charges and preferred stock dividends is required under the AmerenCIPS Articles of Incorporation, and earnings coverage of at least two and one-half times the annual dividend on preferred stock outstanding and to be issued is required under AmerenUE's Articles of Incorporation. The ability to issue such securities in the future will depend on coverages at that time. At December 31, 2002, each company had and expects to continue to have adequate coverage ratios for anticipated requirements. See Notes 6 and 8 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Item 8 for additional financing information.

CILCORP's and AmerenCILCO's financial agreements include customary default or cross default provisions that could impact the continued availability of credit or result in the acceleration of repayment. Many of Ameren's committed credit facilities require the borrower to represent, in connection with any borrowing under the facility, that no material adverse change has occurred since certain dates. Ameren's financing arrangements do not contain credit rating triggers with the exception of certain triggers within AmerenCILCO's financing arrangements.

An event of default will occur under a $25 million AmerenCILCO committed credit facility if AmerenCILCO fails to maintain a Moody's rating on its senior secured debt above Baa2 and a Fitch credit rating of BBB-. Under agreements governing $4.7 million of AmerenCILCO funded bank debt, AmerenCILCO must maintain a Moody's investment grade rating or an event of default will occur. Also, under a $100 million funded bank term loan, AmerenCILCO must maintain investment grade ratings for its first mortgage bonds from at least two of Standard & Poor's, Moody's and Fitch. As of February 2003, AmerenCILCO's senior secured debt ratings from these rating agencies were A-, A2 and BBB, respectively. AmerenCILCO's Fitch ratings are on positive credit watch.

At its current ratings level, covenants in CILCORP's indenture governing its $475 million senior notes require CILCORP to maintain a debt to capital ratio of no greater than 0.67 to 1.0 and an interest coverage ratio of at least 2.2 to 1.0 in order to make any payment of dividends or intercompany loans to affiliates other than its direct and indirect subsidiaries, including AmerenCILCO. However, in the event CILCORP's senior long-term debt rating from Fitch is increased by one notch to BBB, CILCORP may make any such distribution or intercompany loan without being subject to these tests described above. At December 31, 2002, CILCORP's debt to capital ratio was 0.60 to 1.0 and its interest coverage ratio was 2.72 to 1.0, calculated in accordance with related provisions in this indenture.

The common stock of AmerenCILCO is pledged as security to the holders of CILCORP's $475 million of senior notes and bonds.

Covenants in AmerenCILCO's $100 million bank term loan require it to maintain a minimum level of common stockholder equity and limit AmerenCILCO's ability to pay dividends or otherwise make distributions with respect to its common stock. Any violation of these covenants will result in an event of default under this facility. Under the minimum common equity requirement, AmerenCILCO must maintain a minimum level of common stockholder equity which increases from the date the facility was entered based on ongoing earnings. The maintenance of this test is determined upon each anniversary of the loan. If this test was performed as of December 31, 2002, the minimum common equity level requirement would equal approximately $301 million. At that date, AmerenCILCO's common equity, calculated in accordance with this provision was $329 million. Under the

restricted payments provision, AmerenCILCO may only pay dividends to CILCORP up to $45 million annually subject to limited carry forward if not fully utilized.

For additional discussion of indenture and credit agreement provisions and covenants, see Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 8 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated by reference under Items 7 and 8.

RATES AND REGULATION

Rates

Rates that we are allowed to charge for our services are the single most important item influencing our financial position, results of operations and liquidity. We are highly regulated. The rates we charge our customers are determined by governmental organizations. Decisions by these organizations are influenced by many factors, including our recent cost of providing service, our quality of service, regulatory staff knowledge and experience, economic conditions and social and political views. Decisions made by these organizations regarding our rates could have a material impact on our financial position, results of operations and liquidity.

For the year 2002, approximately 60%, 25%, and 15% of our electric operating revenues were based on rates regulated by the Missouri Public Service Commission (MoPSC), the Illinois Commerce Commission (ICC) and the Federal Energy Regulatory Commission (FERC), respectively. For information on rate matters in these jurisdictions, including AmerenUE's recent Missouri electric rate case, see Results of Operations and Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 2 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8.

General Regulatory Matters

As a holding company registered with the SEC under the PUHCA, we are subject to the regulatory provisions of the PUHCA, including provisions relating to the issuance of securities, sales and acquisitions of securities and utility assets, affiliate transactions, financial reporting requirements, the services performed by Ameren Services and AmerenEnergy Fuels and Services Company, and the activities of certain other subsidiaries. Issuance of short-term and long-term debt and other securities by Ameren and issuance of debt having a maturity of twelve months or less by AmerenCIPS, AmerenUE and AmerenCILCO are subject to approval by the SEC under the PUHCA.

Generating Company is certified by the FERC as an "exempt wholesale generator" under the Energy Policy Act of 1992 and as a result is not a "public utility company" under the PUHCA. As an exempt wholesale generator, Generating Company is exempt from most of the provisions of the PUHCA that otherwise would apply to it as a subsidiary of a registered holding company. Issuance of securities by Generating Company is not subject to approval by the SEC under the PUHCA. The SEC has no jurisdiction over the sale of electricity by Generating Company to affiliates or non-affiliates. The SEC may impose limitations on Ameren in connection with its financing for the purpose of investing in exempt wholesale generators and foreign utility companies if Ameren's aggregate investment in those activities exceeds 50% of its consolidated retained earnings. At December 31, 2002, Ameren's aggregate investment in those entities was 23.7% of its consolidated retained earnings.

AmerenCIPS, AmerenUE and AmerenCILCO are subject to regulation by the ICC and AmerenUE is also subject to regulation by the MoPSC as to rates, service, issuance of equity securities, issuance of debt having a maturity of more than twelve months, mergers, and various other matters. Generating Company is not subject to regulation by the ICC or the MoPSC.

AmerenCIPS, AmerenUE, AmerenCILCO and Generating Company are also subject to regulation by the FERC as to rates and charges in connection with the wholesale sale of energy and transmission in interstate commerce, mergers, affiliate transactions, and certain other matters. Issuance of short-term and long-term debt by Generating Company is subject to approval by the FERC.

In many states, including Illinois, companies that sell electricity directly to retail customers pursuant to state statutes and regulations must be registered or licensed. Marketing Company has obtained "alternative retail

electricity supplier" status in Illinois and plans to seek comparable status in other states where retail competition is developing. AmerenCILCO is an Illinois electric utility, and as such, is permitted to provide power and energy on a competitive basis to retail customers located outside its service territory.

Operation of AmerenUE's Callaway plant is subject to regulation by the Nuclear Regulatory Commission. Its Facility Operating License expires on October 18, 2024. AmerenUE's Osage hydroelectric plant and AmerenUE's Taum Sauk pumped-storage hydro plant, as licensed projects under the Federal Power Act, are subject to FERC regulations affecting, among other things, the general operation and maintenance of the projects. The license for the Osage Plant expires on February 28, 2006, and the license for the Taum Sauk Plant expires on June 30, 2010. We are currently seeking renewal of our Osage Plant license. Our Keokuk Plant and dam located in the Mississippi River between Hamilton, Illinois and Keokuk, Iowa, are operated under authority, unlimited in time, granted by an Act of Congress in 1905.

For information on regulatory matters in these jurisdictions, including the current status of electric transmission matters pending before the FERC, see Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 2 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8.

Environmental Matters

Certain of our operations are subject to federal, state and local environmental regulations relating to the safety and health of personnel, the public and the environment, including the identification, generation, storage, handling, transportation, disposal, record keeping, labeling, reporting of and emergency response in connection with hazardous and toxic materials, safety and health standards, and environmental protection requirements, including standards and limitations relating to the discharge of air and water pollutants. Failure to comply with those statutes or regulations could have material adverse effects on us, including the imposition of criminal or civil liability by regulatory agencies or civil fines and liability to private parties, and the required expenditure of funds to bring us into compliance. We believe we are in material compliance with existing regulations.

The U.S. Environmental Protection Agency (EPA) issued a rule in October 1998 requiring 22 Eastern states and the District of Columbia to reduce emissions of NOx in order to reduce ozone in the Eastern United States. Among other things, the EPA's rule establishes an ozone season, which runs from May through September, and a NOx emission budget for each state, including Illinois. The EPA rule requires states to implement controls sufficient to meet their NOx budget by May 31, 2004. Total capital expenditures to meet the AmerenCILCO NOx emission requirements are estimated to be $123 million, of which $75 million was expended through 2002. These costs include the installation of two Selective Catalytic Reduction (SCR) units and combustion control modifications.

For additional discussion of environmental matters, including NOx credit requirements, see Liquidity and Capital Resources in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 14 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated by reference under Items 7 and 8.

FUEL SUPPLY FOR ELECTRIC GENERATING FACILITIES

Cost of Fuels (Per Million BTU)		Year				
		2002	2001	2000	1999	1998
AmerenUE						
	Coal	91.352(cent)	98.228(cent)	96.004(cent)	100.685(cent)	100.015(cent)
	Nuclear	38.051(cent)	37.184(cent)	40.269(cent)	46.552(cent)	48.803(cent)
	Natural Gas (a)	340.689(cent)	402.546(cent)	429.354(cent)	243.315(cent)	226.572(cent)
	Average - all fuels (b)	81.325(cent)	86.696(cent)	84.213(cent)	89.833(cent)	90.378(cent)
AmerenCIPS/Generating Company (c)						
	Coal	125.456(cent)	121.791(cent)	123.770(cent)	139.700(cent)	152.738(cent)
	Natural Gas (a)	396.150(cent)	439.744(cent)	-	-	-
	Average - all fuels (b)	145.220(cent)	142.120(cent)	129.169(cent)	140.615(cent)	155.045(cent)

(a) The fuel cost for natural gas represents the actual cost of natural gas and variable costs for transportation, storage, balancing and fuel losses for delivery to the plant. In addition, the fixed costs for firm transportation and firm storage capacity are included to calculate a "fully-loaded" fuel cost for the generating facilities. Prior to 2001, the use of natural gas by AmerenCIPS and Generating Company was minimal.
(b) Represents all fuels utilized in our electric generating facilities, to the extent applicable, including coal, nuclear, natural gas, oil, propane, tire chips, and handling.
(c) On May 1, 2000, all of AmerenCIPS' electric generating facilities and related fuel supply agreements were transferred to Generating Company (see General section above).

Coal

We have a policy of maintaining coal inventory consistent with our historical usage. We may adjust levels based on uncertainties of supply due to potential work stoppages, delays in coal deliveries, equipment breakdowns and other factors. As of December 31, 2002 and 2001, approximately 59 days and 56 days, respectively, supply of coal was in inventory. For the year ended December 31, 2002, coal represented approximately 82% of our fuel supply.

Nuclear

The components of the nuclear fuel cycle required for nuclear generating units are as follows:

o uranium;
o conversion of uranium into uranium hexafluoride;
o enrichment of uranium hexafluoride;
o conversion of enriched uranium hexafluoride into uranium dioxide and the fabrication into nuclear fuel assemblies; and
o disposal and/or reprocessing of spent nuclear fuel.

We have agreements and/or inventories to fulfill AmerenUE's Callaway nuclear plant needs for uranium, conversion, enrichment and fabrication services. Such needs are satisfied through 2004, with the exception of enrichment services. A supply of enrichment services for unfilled needs after 2004 is being pursued. Additional contracts will be entered into in order to supply nuclear fuel during the remainder of the life of the plant, at prices which cannot now be accurately predicted. The Callaway plant normally requires refueling at 18-month intervals, and the next refueling is scheduled for the spring of 2004. The Callaway plant is out of service for approximately one month during a refueling.

For the year ended December 31, 2002, nuclear represented approximately 13% of our fuel supply. See Note 15 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Item 8 for additional information.

Natural Gas

The combustion turbine generator equipment (CTs), which we placed into commercial operation in 2002, 2001 and 2000 are fueled by natural gas or have the capability to use natural gas or oil. We use natural gas to supply our generating facilities during peak generating periods. Our natural gas procurement strategy is designed to ensure reliable and immediate delivery of natural gas by optimizing transportation, storage, and balancing options and minimizing cost and price risk by structuring various supply agreements to maintain access to multiple gas pools and supply basins and reducing the impact of price volatility. For the year ended December 31, 2002, natural gas represented approximately 2% of our fuel supply. For additional information on CTs and related fuel matters, see Liquidity and Capital Resources and Quantitative and Qualitative Disclosures About Market Risk in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 14 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8.

Oil

The actual and prospective use of oil is minimal, and we have not experienced and do not expect to experience difficulty in obtaining adequate supplies. For the year ended December 31, 2002, oil represented approximately 1% of our fuel supply.

For additional information on our fuel supply, see Results of Operations, Liquidity and Capital Resources, Effects of Inflation and Changing Prices and Quantitative and Qualitative Disclosures About Market Risk in

Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes 1, 3, 14 and 15 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8.

INDUSTRY ISSUES

We are facing issues common to the electric and gas utility industries. These issues include:

o the potential for more intense competition;
o the potential for changes in the structure of regulation;
o changes in the structure of the industry as a result of changes in federal and state laws, including the formation of unregulated generating entities and regional transmission organizations;
o weak power prices due to overbuilt capacity and a weak economy;
o numerous troubled companies within the energy sector and their impact on energy marketing and access to the capital markets;
o on-going consideration ofadditional changes of the industry by federal and state authorities;
o continually developing environmental laws, regulations and issues, including proposed new air quality standards;
o public concern about the siting of new facilities;
o proposals for demand-side management programs;
o public concerns about nuclear decommissioning and the disposal of nuclear wastes; and
o global climate issues.

We are monitoring these issues and are unable to predict at this time what impact, if any, these issues will have on our operations, financial condition or liquidity. For additional information, see Outlook and Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes 2 and 14 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8.

OPERATING STATISTICS

The information on pages 66 and 67 in our 2002 Annual Report is incorporated herein by reference.

AVAILABLE INFORMATION

We make available free of charge through our Internet website (http://www.ameren.com) our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after we electronically file such reports with, or furnish it to, the SEC. This information for AmerenCIPS, AmerenUE, CILCORP, AmerenCILCO and Generating Company is also available through our Internet website.

We also make available free of charge through our Internet website our code of business conduct for our directors, officers and employees, referred to as our Corporate Compliance Policy. This document is also available in print upon written request to Secretary, P.O. Box 66149, St. Louis, Missouri 63166-6149.

ITEM 2. PROPERTIES.

For information on our principal properties, planned additions or replacements and transfers, see the generating facilities tables below and Liquidity and Capital Resources and Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes 2, 8 and 14 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8. Future plans regarding additional electric generating facilities referred to in the 2002 Annual Report are subject to change, including increasing or decreasing planned or installed future generating capacity, based on market conditions, regulatory approvals for additions, our results of operations and financial condition, availability of financing and other factors determined by management.

We are a member of MAIN (Mid-America Interconnected Network), which is one of the ten regional electric reliability councils organized for coordinating the planning and operation of the nation's bulk power supply. MAIN operates primarily in Wisconsin, Michigan, Illinois and Missouri.

Our bulk power system is operated as an Ameren-wide control area and transmission system under the FERC-approved amended joint dispatch agreement between AmerenUE, Generating Company and AmerenCIPS. The amended joint dispatch agreement provides a basis upon which AmerenUE and Generating Company can participate in the coordinated operation of AmerenCIPS' and AmerenUE's transmission facilities with AmerenUE's and Generating Company's generating facilities in order to achieve economies consistent with the provision of reliable electric service and an equitable sharing of the benefits and costs of that coordinated operation. In 2002, we had more than 30 interconnections for transmission service and the exchange of electric energy, directly and through the facilities of others. AmerenCILCO is currently expected to continue to operate as a separate control area. As such, its generating plants will not be jointly dispatched with the generating plants owned by AmerenUE and Generating Company. AmerenCILCO is a transmission owning member of the Midwest Independent System Operating (Midwest ISO) and has transferred functional control of its system to the Midwest ISO. Transmission service on the AmerenCILCO transmission system is provided pursuant to the terms of the Midwest ISO open access transmission tariff on file with the FERC. For information on AmerenCIPS' and AmerenUE's participation in the Midwest ISO, see Note 2 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Item 8.

The following tables set forth information with respect to our electric generating facilities and capability at the time of our expected 2003 peak summer electrical demand:

AmerenUE Generating Facilities

Primary Fuel Source	Name of Plant	Location	Net Kilowatt Capability(a)	Net Heat Rate(l)
Coal	Labadie	Franklin County, MO	2,400,000	10,210
	Rush Island	Jefferson County, MO	1,187,000	10,580
	Sioux	St. Charles County, MO	959,000	9,700
	Meramec	St. Louis County, MO	816,000	11,206
		Total Coal	5,362,000	
Nuclear	Callaway	Callaway County, MO	1,136,000	10,494
Hydro	Osage	Lakeside, MO	226,000	N/A
	Keokuk	Keokuk, IA	134,000	N/A
		Total Hydro	360,000	
Pumped-storage	Taum Sauk	Reynolds County, MO	440,000	N/A
Oil	Venice CT(b) 1	Venice, IL	25,000	14,380
	Howard Bend CT	St. Louis County, MO	43,000	11,899
	Fairgrounds CT	Jefferson City, MO	55,000	11,100
	Mexico CT	Mexico, MO	55,000	11,100
	Moberly CT	Moberly, MO	55,000	11,100
	Moreau CT	Jefferson City, MO	55,000	11,100
	Meramec CT 1	St. Louis County, MO	55,000	11,100
		Total Oil	343,000	

AmerenUE Generating Facilities (Continued)

Primary Fuel Source	Name of Plant	Location	Net Kilowatt Capability(a)	Net Heat Rate(l)
Natural Gas	Kirksville CT	Kirksville, MO	13,000	18,811
	Viaduct CT	Cape Girardeau, MO	25,000	15,137
	Meramec CT 2 (c)	St. Louis County, MO	53,000	12,031
	Venice CT 2	Venice, IL	48,000	9,800
	Peno Creek CTs 1 through 4(d)	Bowling Green, MO	188,000	10,878
		Total Natural Gas	327,000	
		TOTAL	7,968,000(e)	

Electric Energy, Inc. Generating Facilities(m)

Primary Fuel Source	Name of Plant	Location	Net Kilowatt Capability(a)	Net Heat Rate(l)
Coal	Joppa Generating Station	Joppa, IL	600,000	10,347
Natural Gas	Joppa (Units 4-5)	Joppa, IL	44,000	12,200
		TOTAL	644,000	

Generating Company Generating Facilities

Primary Fuel Source	Name of Plant	Location	Net Kilowatt Capability(a)	Net Heat Rate(l)
Coal	Newton(f)	Newton, IL	1,134,000	10,403
	Coffeen(f)	Coffeen, IL	900,000	10,368
	Hutsonville(f) (Units 3 & 4)	Hutsonville, IL	153,000	10,371
	Meredosia(f) (Unit 3)	Meredosia, IL	215,000	11,063
		Total Coal	2,402,000	
Oil	Meredosia(f) (Unit 4)	Meredosia, IL	186,000	11,186
	Hutsonville(f) (Diesel)	Hutsonville, IL	3,000	11,408
		Total Oil	189,000	
Natural Gas	Gibson City CTs 1 & 2(c)	Gibson City, IL	234,000	11,490
	Pinckneyville CTs 1 through 8	Pinckneyville, IL	320,000	10,921
	Kinmundy CTs 1 & 2(c)	Kinmundy, IL	232,000	11,488
	Grand Tower CTs 1 & 2(g)	Grand Tower, IL	516,000	7,515
	Joppa 7B CTs 1, 2 & 3(h)	Joppa, IL	162,000	11,550
	Elgin CTs 1 through 4	Elgin, IL	468,000	11,488
	Columbia CTs 1 through 4	Columbia, MO	140,000	12,298
		Total Natural Gas	2,072,000	
		TOTAL	4,663,000(e, i)	

AmerenCILCO Generating Facilities

Primary Fuel Source	Name of Plant	Location	Net Kilowatt Capability(a)	Net Heat Rate(l)
Coal	Duck Creek	Canton, IL	366,000	10,018
	E.D. Edwards (Units 1-3)	Bartonville, IL	740,000	9,863
		Total Coal	1,106,000	
Oil	Kickapoo (Units 1-8)	Lincoln, IL	13,000	10,388
	Hallock (Units 1-8)	Peoria, IL	13,000	5,300
		Total Oil	26,000	
Natural Gas	Sterling CTs (Units 1 & 2)	Peoria, IL	30,000	14,385
	Indian Trails (Co-Gen)	Pekin, IL	10,000	10,018
		Total Gas	40,000	
		TOTAL	1,172,000	

AmerenEnergy Medina Valley Co-Generating Facilities

Primary Fuel Source	Name of Plant	Location	Net Kilowatt Capability(a)	Net Heat Rate(l)
Natural Gas	Medina Valley (Co-Gen)	Mossville, IL	38,000	5,322

(a) "Net Kilowatt Capability" represents generating capacity available for dispatch from the facility into the electric transmission grid.
(b) The abbreviation "CT" represents combustion turbine generating unit.
(c) CT has the capability of operating on either oil or natural gas (dual fuel).
(d) For information regarding a lease arrangement applicable to these CTs, see Note 8 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Item 8.
(e) Approximately 550 megawatts of generating capacity (Pinckneyville CTs 1 through 8 and Kinmundy CTs 1 and 2) are expected to be sold by Generating Company to AmerenUE subject to receipt of necessary regulatory approvals.
(f) Facilities were transferred to Generating Company by AmerenCIPS on May 1, 2000 (see Item 1. Business - General above).
(g) The Grand Tower Plant, which was a coal plant transferred to Generating Company by AmerenCIPS on May 1, 2000, has been repowered with two gas-fired CTs.
(h) These CTs are owned by Generating Company and leased to its parent, AmerenEnergy Development Company. The operating lease is for a minimum term of 15 years expiring September 30, 2015. Generating Company receives rental payments under the lease in fixed monthly amounts that vary over the term of the lease and range from $0.8 - $1.0 million.
(i) Excludes approximately 126 megawatts of two coal-fired generating units at Generating Company's Meredosia facility which were mothballed in December 2002.
(j) We acquired ownership of these generating plants with our acquisition of CILCORP from AES on January 31, 2003.
(k) We acquired ownership of this generating plant with our acquisition of AES Medina Valley Cogen (No. 4), LLC from AES on February 4, 2003.

(l) "Net Heat Rate" represents the amount of energy to produce a given unit of output and is expressed as BTU per kilowatthour.
(m) Ameren owns a 60% ownership interest in EEI.

As of December 31, 2002, AmerenCIPS owned approximately 1,900 circuit miles of electric transmission lines. AmerenCIPS operates one propane-air plant, four underground gas storage fields and approximately 4,900 miles of natural gas transmission and distribution mains. As of December 31, 2002, AmerenUE owned approximately 3,200 circuit miles of electric transmission lines. AmerenUE operates three propane-air plants and 2,900 miles of gas mains. As of December 31, 2002, AmerenCILCO owned approximately 333 circuit miles of electric transmission lines. AmerenCILCO operates two underground gas storage fields and approximately 3,674 miles of gas transmission and distribution mains. Other properties of the companies include distribution lines, underground cable, office buildings, warehouses, garages and repair shops.

Substantially all of the properties and plant of AmerenCIPS, AmerenUE and AmerenCILCO are subject to the direct first liens of the indentures securing their first mortgage bonds. On May 1, 2000, AmerenCIPS transferred all of its generating facilities and related assets to Generating Company. As a part of this transfer, AmerenCIPS' generating property and plant were released from the lien of the indenture securing its first mortgage bonds and such property and plant are presently unencumbered. For additional information on this asset transfer, see General section under Item 1. Business herein. During 2003, AmerenCILCO plans to transfer substantially all of its generating facilities and related assets to its non rate-regulated electric generating subsidiary, Central Illinois Generation, Inc. (CIGI). CIGI was incorporated in Illinois in November 2001 in conjunction with the Illinois Law. As part of the transfer, AmerenCILCO's generating property and plant will be released from the lien of the indenture securing its first mortgage bonds.

We indirectly own 60% of the common stock of EEI, which owns and/or operates electric generation and transmission facilities in Illinois that supply electric power primarily to a uranium enrichment plant located in Paducah, Kentucky. AmerenUE owns 40% of the common stock of EEI, and Resources Company owns 20% of such stock. On April 30, 2002, AmerenCIPS transferred their 20% common stock interest in EEI to Ameren in the form of a non-cash dividend of common stock in EEI. The book value of AmerenCIPS investment in EEI was $1.8 million. Subsequently, Ameren contributed such stock to Resources Company. This transfer completed the process of achieving a full divestiture of all electric generating capacity that had been owned directly or indirectly by AmerenCIPS pursuant to restructuring of the Illinois power industry. The remaining 40% of the common stock of EEI is held 20% each by Kentucky Utilities Company and Illinova Generating Company.

ITEM 3. LEGAL PROCEEDINGS.

We are involved in legal and administrative proceedings before various courts and agencies with respect to matters arising in the ordinary course of business, some of which involve substantial amounts. We believe that the final disposition of these proceedings, except as otherwise noted in the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8, will not have a material adverse effect on our financial position, results of operations or liquidity.

Waste Disposal

On July 30, 2002, the Illinois Attorney General's Office advised us that it would be commencing an enforcement action concerning an inactive waste disposal site near Coffeen, Illinois, which is the location of a disposal facility permitted by the Illinois Environmental Protection Agency to receive fly ash from the Coffeen power plant. The Illinois Attorney General also notified the disposal facility's current and former owners as to the proposed enforcement action. The Attorney General advised that it may initiate an action under CERCLA to recover past costs incurred at the site (approximately $0.3 million) and to obtain a declaratory judgment as to liability for future costs. Neither Generating Company, the current owner of the Coffeen power plant, nor AmerenCIPS, the prior owner of the Coffeen power plant, owned or operated the disposal facility. We believe that this matter will not have a material adverse effect on Ameren's financial position, results of operations or liquidity.

Marketing Company - AmerenUE Power Supply Agreements

In order to satisfy AmerenUE's regulatory load requirements for 2001 and 2002, AmerenUE purchased, under a one-year contract 450 megawatts of capacity and energy (the 2001 Marketing Company - AmerenUE agreement) and 200 megawatts of capacity and energy (the 2002 Marketing Company - AmerenUE agreement) from Marketing Company. These agreements were entered into through a competitive bidding process and reflected market-based

rates. Generating Company supplied the power for these agreements under its power supply agreement with Marketing Company.

The FERC accepted the 2001 Marketing Company - AmerenUE agreement as filed. The 2002 Marketing Company - AmerenUE agreement was set for hearing to determine that the contract terms were just and reasonable. On March 12, 2003, a settlement between Marketing Company and the FERC Staff was approved by the FERC effectively resolving all issues concerning the 2002 Marketing Company - AmerenUE agreement set for hearing. While the FERC order contains a standard refund report requirement, no refunds are due under the settlement as approved.

In May 2001 and May 2002, the MoPSC filed complaints with the SEC relating to these agreements. While the complaints were pending, the MoPSC and AmerenUE reached an agreement for resolving these disputes. The agreement requires us to not enter into any new contracts to purchase wholesale electric energy from any Ameren affiliate that is an exempt wholesale generator without first obtaining, on a timely basis, the determinations required of the MoPSC that are specified in Section 32(k) of PUHCA. However, this commitment did not prevent us from completing the purchases contemplated by the 2001 and 2002 Marketing Company - AmerenUE agreements and does not prevent us from making short term energy purchases (less than 90 days) from an Ameren affiliate, without prior MoPSC determination, to prevent or alleviate system emergencies. As part of this agreement, the MoPSC has agreed to terminate its SEC complaints.

Regional Transmission Organization (RTO)

For information on our participation in a RTO, see Note 2 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Item 8. GridAmerica is scheduled to become operational in spring 2003. Our participation in GridAmerica is subject to MoPSC approval. An order from the MoPSC is expected during the third quarter of 2003.

For additional information on legal and administrative proceedings, see Rates and Regulation under Item 1 herein and Liquidity and Capital Resources and Regulatory Matters in Management's Discussion and Analysis of Financial Condition and Results of Operations and Notes 2, 14 and 18 to our Consolidated Financial Statements of the 2002 Annual Report pages incorporated herein by reference under Items 7 and 8.

FORWARD-LOOKING STATEMENTS

Statements made in this report which are not based on historical facts, are "forward-looking" and, accordingly, involve risks and uncertainties that could cause actual results to differ materially from those discussed. Although such "forward-looking" statements have been made in good faith and are based on reasonable assumptions, there is no assurance that the expected results will be achieved. These statements include (without limitation) statements as to future expectations, beliefs, plans, strategies, objectives, events, conditions, and financial performance. In connection with the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, we are providing this cautionary statement to identify some important factors that could cause actual results to differ materially from those anticipated. The following factors, in addition to those discussed elsewhere in this report and in subsequent securities filings, could cause results to differ materially from management expectations as suggested by such "forward-looking" statements:

o the effects of the stipulation and agreement relating to the AmerenUE Missouri electric excess earnings complaint case and other regulatory actions, including changes in regulatory policy;
o changes in laws and other governmental actions, including monetary and fiscal policies;
o the impact on us of current regulations related to the opportunity for customers to choose alternative energy suppliers in Illinois;
o the effects of increased competition in the future due to, among other things, deregulation of certain aspects of our business at both the state and federal levels;
o the effects of participation in a FERC approved Regional Transmission Organization, including activities associated with the Midwest Independent System Operator;
o availability and future market prices for fuel and purchased power, electricity and natural gas, including the use of financial and derivative instruments and volatility of changes in market prices;
o the cost of commodities, such as natural gas, used in the production of electricity and our ability to recover such increased cost;
o average rates for electricity in the Midwest;

o business and economic conditions;
o the impact of the adoption of new accounting standards on the application of appropriate technical accounting rules and guidance;
o interest rates and the availability of capital;
o actions of rating agencies and the effects of such actions;
o weather conditions;
o generation plant construction, installation and performance;
o operation of nuclear power facilities and decommissioning costs;
o the effects of strategic initiatives, including acquisitions and divestitures;
o the impact of current environmental regulations on utilities and generating companies and the expectation that more stringent requirements will be introduced over time, which could potentially have a negative financial effect;
o future wages and employee benefits costs including changes in returns of benefit plan assets;
o disruptions of the capital markets or other events making our access to necessary capital more difficult or costly;
o competition from other generating facilities including new facilities that may be developed in the future;
o difficulties in integrating CILCO with Ameren's other businesses;
o changes in the coal markets, environmental laws or regulations or other factors adversely impacting synergy assumptions in connection with the CILCORP acquisition;
o cost and availability of transmission capacity for the energy generated by our generating facilities or required to satisfy energy sales made by Ameren; and
o legal and administrative proceedings.

Given these uncertainties, undue reliance should not be placed on these "forward-looking" statements. Except to the extent required by federal securities laws, we undertake no obligation to publicly update or revise any "forward-looking" statements, whether as a result of new information, future events or otherwise.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of 2002.

INFORMATION REGARDING EXECUTIVE OFFICERS REQUIRED BY ITEM 401(b) OF REGULATION S-K:

Name	Age At 12/31/02	Present Position and Business Experience	Date First Elected or Appointed to Present Position
Ameren Corporation			
Charles W. Mueller	64	Chairman, Chief Executive Officer, and Director	12/31/97

Mr. Mueller began his career with AmerenUE in 1961 as an engineer. He was named Treasurer in 1978, Vice President-Finance in 1983, Senior Vice President - Administrative Services in 1988, President in 1993 and Chief Executive Officer in 1994. Mr. Mueller was elected Chairman, President and Chief Executive Officer of Ameren in 1997. He relinquished his position as President of Ameren and AmerenUE in 2001. Mr. Mueller is also an officer at various of our other subsidiaries.

Gary L. Rainwater 56 President and Chief Operating Officer 8/30/01

Mr. Rainwater began his career with AmerenUE in 1979 as an engineer. He was named General Manager - Corporate Planning in 1988 and Vice President in 1993. Mr. Rainwater was elected Executive Vice President of AmerenCIPS in January 1997 and was named to his present position as President and Chief Operating Officer of AmerenCIPS in December 1997. He was elected President and Chief Operating Officer of Ameren in 2001. Mr. Rainwater is also an officer at various of our other subsidiaries.

Warner L. Baxter 41 Senior Vice President 8/30/01

(Principal Financial Officer)

From 1983 to 1995, Mr. Baxter was employed by Price Waterhouse (now PricewaterhouseCoopers LLP). Mr. Baxter joined AmerenUE in 1995 as Assistant Controller. He was promoted to Controller of AmerenUE in 1996 and was elected Vice President and Controller of AmerenUE and Ameren in 1998. Mr. Baxter was elected to his present position at Ameren in 2001. Mr. Baxter is also an officer at various of our other subsidiaries.

Jerre E. Birdsong 48 Vice President 10/12/01 and Treasurer 4/23/96

Mr. Birdsong joined AmerenUE in 1977 as an economist. He was promoted to Assistant Treasurer in 1984, Manager of Finance in 1989 and in 1993 was appointed as Treasurer of AmerenUE. He was elected Treasurer of Ameren in 1996. In addition to being Treasurer, he was elected to the position of Vice President in 2001. Mr. Birdsong is also an officer at various of our other subsidiaries.

Martin J. Lyons	36	Vice President	2/14/03
		and Controller	10/22/01
		(Principal Accounting Officer)	

Mr. Lyons was appointed as Controller of Ameren in October 2001. In addition to being Controller, he was elected to the position of Vice President in 2003. He was previously employed by PricewaterhouseCoopers LLP for 13 years, most recently as a partner. Mr. Lyons is also an officer at various of our other subsidiaries.

Steven R. Sullivan	42	Vice President Regulatory Policy,	
		General Counsel	7/1/98
		and Secretary	9/1/98

Mr. Sullivan was elected Vice President, General Counsel and Secretary of Ameren in 1998. He was previously employed by Anheuser Busch Companies, Inc. as an attorney from 1995 to 1998. Mr. Sullivan is also an officer at various of our other subsidiaries.

Name	Age At 12/31/02	Present Position and Business Experience	Date First Elected or Appointed to Present Position
AmerenUE (Subsidiary)			
Charles W. Mueller	64	Chairman,	8/30/01
		Chief Executive Officer,	1/1/94
		and Director	6/11/93
Gary L. Rainwater	56	President and Chief Operating Officer and Director	8/30/01 4/28/98
Paul A. Agathen	55	Senior Vice President	10/12/01
		and Director	4/28/98
Warner L. Baxter	41	Senior Vice President	8/30/01
		and Director	4/22/99
Daniel F. Cole	49	Senior Vice President	7/12/99
Garry L. Randolph	54	Senior Vice President	10/16/00
Thomas R. Voss	55	Senior Vice President	6/1/99
		and Director	10/25/01
David A. Whiteley	46	Senior Vice President	8/30/01
Ronald D. Affolter	49	Vice President	10/16/00

Jerre E. Birdsong	48	Vice President	10/12/01
		and Treasurer	7/1/93
Martin J. Lyons	36	Vice President	2/14/03
		and Controller	10/22/01
Michael J. Montana*	56	Vice President	7/1/88
Charles D. Naslund	50	Vice President	2/1/99
William C. Shores*	64	Vice President	7/1/88
Steven R. Sullivan	42	Vice President Regulatory Policy,	
		General Counsel	7/1/98
		and Secretary	9/1/98
Ronald C. Zdellar	58	Vice President	9/1/02

Name	Age At 12/31/02	Present Position and Business Experience	Date First Elected or Appointed to Present Position
AmerenCIPS (Subsidiary)			
Gary L. Rainwater	56	President and Chief Operating	1/1/98
		Officer and Director	12/2/97
Paul A. Agathen	55	Senior Vice President	10/12/01
		and Director	12/31/97
Warner L. Baxter	41	Senior Vice President	8/30/01
		and Director	4/22/99
Daniel F. Cole	49	Senior Vice President	10/12/01
Garry L. Randolph	54	Senior Vice President	10/12/01
Thomas R. Voss	55	Senior Vice President	6/1/99
		and Director	10/12/01
David A. Whiteley	46	Senior Vice President	10/12/01
Jerre E. Birdsong	48	Vice President	10/12/01
		and Treasurer	12/31/97
J. L. Davis	55	Vice President	2/1/03
Martin J. Lyons	36	Vice President	2/14/03
		and Controller	10/22/01
Michael J. Montana*	56	Vice President	4/28/98
Gilbert W. Moorman*	59	Vice President	6/1/88
Craig D. Nelson	49	Vice President	4/28/98
Steven R. Sullivan	42	Vice President Regulatory Policy,	
		General Counsel	
		and Secretary	11/7/98

Date First Elected Age At Present Position and or Appointed to Name 12/31/02 Business Experience Present Position
Ameren Services Company Subsidiary)

Charles W. Mueller	64	Chairman,	8/30/01
		Chief Executive Officer,	11/4/97
		and Director	
Gary L. Rainwater	56	President and Chief Operating	8/30/01
		Offier and Director	4/25/00
Paul A. Agathen	55	Senior Vice President	12/31/97
		and Director	4/27/99
Warner L. Baxter	41	Senior Vice President	8/30/01
		and Director	4/25/00
Daniel F. Cole	49	Senior Vice President	6/1/99
Thomas R. Voss	55	Senior Vice President	6/1/99
		and Director	10/25/01
David A. Whiteley	46	Senior Vice President	8/30/01
Jerre E. Birdsong	48	Vice President	10/12/01
		and Treasurer	12/31/97
Mark C. Birk	38	Vice President	2/14/03
Charles A. Bremer	58	Vice President	12/31/97
J. L. Davis	55	Vice President	12/31/97
Martin J. Lyons	36	Vice President	2/14/03
		and Controller	10/22/01
Richard J. Mark	47	Vice President	1/2/02
Donna K. Martin	55	Vice President	5/15/02
Michael L. Menne	48	Vice President	9/1/02
Michael J. Montana*	56	Vice President	2/31/97
Michael G. Mueller	39	Vice President	9/18/00
Craig D. Nelson	49	Vice President	2/31/97
Gregory L. Nelson	45	Vice President	2/16/99
J. Kay Smith	57	Vice President	7/1/99
Steven R. Sullivan	42	Vice President Regulatory Policy,	
		General Counsel	7/1/98
		and Secretary	9/1/98
Samuel E. Willis	58	Vice President	12/31/97

Ronald C. Zdellar	58	Vice President	12/31/97

Date First Elected Age At Present Position and or Appointed to Name 12/31/02 Business Experience Present Position

AmerenEnergy, Inc. (Subsidiary)

Daniel F. Cole	49	President	1/1/03
Jerre E. Birdsong	48	Vice President and Treasurer	10/12/01 9/15/98
Clarence J. Hopf	46	Vice President	6/14/99
Steven R. Sullivan	42	Vice President Regulatory Policy, General Counsel and Secretary	9/15/98

Date First Elected Age At Present Position and or Appointed to Name 12/31/02 Business Experience Present Position

AmerenEnergy Resources Company (Subsidiary)

Daniel F. Cole	49	President and Director	8/30/01 9/15/99
Jerre E. Birdsong	48	Vice President and Treasurer	10/12/01 9/15/99
R. Alan Kelley	50	Vice President	11/13/00
Michael L. Moehn	33	Vice President	9/1/02
Steven R. Sullivan	42	Vice President Regulatory Policy, General Counsel and Secretary	9/15/99

Date First Elected Age At Present Position and or Appointed to Name 12/31/02 Business Experience Present Position

AmerenEnergy Generating Company (Subsidiary)

Daniel F. Cole	49	President and Director	8/30/01 3/2/00
Paul A. Agathen	55	Senior Vice President and Director	10/12/01 3/2/00
Warner L. Baxter	41	Senior Vice President and Director	8/30/01 10/25/01
R. Alan Kelley	50	Senior Vice President	3/2/00
Garry L. Randolph	54	Senior Vice President	10/12/01

Name 12/31/02 Business Experience Present Position	Age At	Present Position and	Date First Elected or Appointed to
AmerenEnergy Generating Company (Subsidiary) (Continued)			
Thomas R. Voss	55	Senior Vice President	10/12/01
David A. Whiteley	46	Senior Vice President	10/12/01
Jerre E. Birdsong	48	Vice President and Treasurer	10/12/01 3/2/00
Martin J. Lyons	36	Vice President and Controller	2/14/03 10/22/01
Michael J. Montana*	56	Vice President	11/6/00
Robert L. Powers	54	Vice President	7/5/00
Jerry L. Simpson	46	Vice President	3/2/00
Steven R. Sullivan	42	Vice President Regulatory Policy, General Counsel and Secretary	3/2/00

Date First Elected Age At Present Position and or Appointed to Name 12/31/02 Business Experience Present Position

AmerenEnergy Fuels and Services Company (Subsidiary)			
Daniel F. Cole	49	President and Director	8/30/01 9/18/00
Warner L. Baxter	41	Senior Vice President and Director	8/30/01 10/25/01
Jerre E. Birdsong	48	Vice President and Treasurer	10/12/01 9/18/00
Martin J. Lyons	36	Vice President and Controller	2/14/03 10/22/01
Michael G. Mueller	39	Vice President	9/18/00

Steven R. Sullivan 42 Vice President Regulatory Policy, General Counsel and Secretary 9/18/00

* These individuals retired in 2003.

All officers are elected or appointed annually by the respective Board of Directors of such company following the election of such Board at the annual meetings of shareholders. There are no family relationships between the foregoing officers of Ameren except that Charles W. Mueller is the father of Michael G. Mueller. Except for Gregory L. Nelson, Steven R. Sullivan, Martin J. Lyons, Richard J. Mark, Michael L. Moehn and Donna K. Martin each of the above-named executive officers has been employed by us for more than five years in executive or

management positions. Mr. Nelson was previously employed as a tax attorney by the law firm of Thelen Reid & Priest LLP; Mr. Sullivan as an attorney by Anheuser Busch Companies, Inc.; Mr. Lyons as an accountant by PricewaterhouseCoopers LLP; Mr. Mark as Chief Executive Officer of St. Mary's Hospital by Ancilla Systems, Incorporated; Mr. Moehn as an accountant by PricewaterhouseCoopers LLP; and Ms. Martin in human resources by Faulding Pharmaceuticals.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS.

Information required to be reported by this item is included under Common Stock and Dividend Information on Page 69 of the 2002 Annual Report and is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA.

Information for the 1998-2002 period required to be reported by this item is included on Page 65 of the 2002 Annual Report and is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Information required to be reported by this item is included on Pages 17 through 34 of the 2002 Annual Report and is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Information required to be reported by this item is included in Management's Discussion and Analysis of Financial Condition and Results of Operations on Pages 31 through 34 and Notes 3 and 16 to our Consolidated Financial Statements on Pages 46 and 47 and Pages 62 and 63, respectively, of the 2002 Annual Report and is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Our financial statements on Pages 35 through 64, the report thereon of PricewaterhouseCoopers LLP appearing on Page 16 and the Selected Quarterly Information on Page 67 of the 2002 Annual Report are incorporated herein by reference.

Since the acquisition of CILCORP and CILCO on January 31, 2003, we have been conducting a review of their financial statements. As a result of this ongoing review, revenue, operating income, net income from continuing operations, and total assets for 2002 and 2001 may change from the disclosure made on Page 64 of the 2002 Annual Report in Note 18 - Subsequent Event to our Consolidated Financial Statements. CILCORP and AmerenCILCO intend to file a Form 12b-25 with the SEC on April 1, 2003 and file their respective Annual Reports on Form 10-K within 15 calendar days of March 31, 2003. You should refer to these filings, for any changes to revenue, operating income, net income from continuing operations, and total assets, which are expected to be noncash, and will have no impact on the financial statements of Ameren or the assumptions upon which the CILCORP acquisition was based.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information concerning directors required to be reported by this item is included under Item (1): Election of Directors in our 2003 definitive proxy statement filed pursuant to Regulation 14A and is incorporated herein by reference.

Information concerning executive officers required by this item is reported in Part I of this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION.

Information required to be reported by this item is included under Executive Compensation in our 2003 definitive proxy statement filed pursuant to Regulation 14A and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Equity Compensation Plan Information

The following table provides information as of December 31, 2002 with respect to the shares of our common stock that may be issued under our existing equity compensation plan.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans
Equity Compensation Plans Approved by Securityholders (a).....	1,977,453	$35.0965	1,285,472(b)
Equity Compensation Plans Not Approved by Securityholders.....	------	------	------
Total.....	1,977,453	$35.0965	1,285,472

(a) Consists of the Ameren Corporation Long-Term Incentive Plan of 1998 which was approved by shareholders in April 1998 and expires on April 1, 2008.
(b) Excludes an aggregate of 449,422 restricted shares of our common stock issued under the Ameren Corporation Long-Term Incentive Plan of 1998 in 2001, 2002 and 2003.

Additional information required to be reported by this item is included under Security Ownership in our 2003 definitive proxy statement filed pursuant to Regulation 14A and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information required to be reported by this item is included under Item
(1): Election of Directors in our 2003 definitive proxy statement filed pursuant to Regulation 14A and is incorporated herein by reference.

ITEM 14. CONTROLS AND PROCEDURES

Within 90 days prior to the date of this report, we carried out an evaluation, under the supervision and with participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-14 under

the Securities Exchange Act of 1934, as amended. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to Ameren which is required to be included in our periodic SEC filings.

There have been no significant changes in our internal controls or in other factors which could significantly affect internal controls subsequent to the date we carried out our evaluation.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) Financial Statements:

(1) Financial Statements of Ameren Corporation which are required to be filed by Item 8 of this report

(a) Incorporated by reference from the indicated pages of the 2002 Annual Report.

(2) Financial Statement Schedule

The following schedule, for the years ended December 31, 2002, 2001 and 2000, should be read in conjunction with the aforementioned financial state- ments (schedules not included have been omitted because they are not applicable or the required data is shown in the aforementioned financial statements).

(3) Exhibits filed with this report are listed on the Exhibit Index

(B) Reports on Form 8-K

We filed a report on Form 8-K dated December 10, 2002, providing (i) updated information as to regulatory agency approvals of the CILCORP acquisition; (ii) the results of a voluntary retirement program and a related fourth quarter after tax charge to earnings; (iii) information regarding pension funding; (iv) generating plant closure information and a related fourth quarter after-tax charge to earnings; (v) updated information about FERC proceedings relating to the formation and operation of GridAmerica LLC as an independent transmission company within the Midwest Independent System Operator; (vi) a description of our comments to the FERC regarding its standard market design notice of proposed rule making; (vii) a discussion of risks associated with our access to capital markets; (viii) information on our agreement to sell additional shares of common stock in early 2003; and (ix) the status of our labor agreements.

(C) Exhibits

Exhibit No.	Description
2.1	Stock purchase agreement, dated as of April 28, 2002, by and between The AES Corporation (AES) and Ameren (March 31, 2002 Form 10-Q, Exhibit 2.1).
2.2	Membership Interest Purchase Agreement, dated as of April 28, 2002, by and between AES and Ameren (March 31, 2002 Form 10-Q, Exhibit 2.2).
3.1(i)	Restated Articles of Incorporation of Ameren (File No. 33-64165, Annex F).
3.2(i)	Certificate of Amendment to Ameren's Restated Articles of Incorporation filed with the Secretary of State of the State of Missouri on December 14, 1998 (1998 Form 10-K, Exhibit 3(i)).
3.3(ii)	By-Laws of Ameren as amended to December 31, 1997 (1997 Form 10-K, Exhibit 3(ii)).
4.1	Indenture of Mortgage and Deed of Trust of AmerenUE dated June 15, 1937 (AmerenUE Mortgage), as amended May 1, 1941, and Second Supplemental Indenture dated May 1, 1941 (File No. 2-4940, Exhibit B-1).

4.2 Supplemental Indentures to the AmerenUE Mortgage

Dated as of	File Reference	Exhibit No.
April 1, 1971	AmerenUE Form 8-K, April 1971	6
February 1, 1974	AmerenUE Form 8-K, February 1974	3
July 7, 1980	2-69821	4.6
December 1, 1991	33-45008	4.4
December 4, 1991	33-45008	4.5
January 1, 1992	AmerenUE Form 10-K, 1991	4.6
October 1, 1992	AmerenUE Form 10-K, 1992	4.6
December 1, 1992	AmerenUE Form 10-K, 1992	4.7
February 1, 1993	AmerenUE Form 10-K, 1992	4.8
May 1, 1993	AmerenUE Form 10-K, 1993	4.6
August 1, 1993	AmerenUE Form 10-K, 1993	4.7
October 1, 1993	AmerenUE Form 10-K, 1993	4.8
January 1, 1994	AmerenUE Form 10-K, 1993	4.9
February 1, 2000	AmerenUE Form 10-K, 2000	4.1
August 15, 2002	AmerenUE Form 8-K, August 22, 2002	4.3
March 5, 2003	AmerenUE Form 8-K, March 10, 2003	4.4

4.3	Indenture (for unsecured subordinated debt securities) of AmerenUE dated as of December 1, 1996 (AmerenUE 1996 Form 10-K, Exhibit 4.36).
4.4	Loan Agreement dated as of December 1, 1991 between the State Environmental Improvement and Energy Resources Authority and AmerenUE, together with Indenture of Trust dated as of December 1, 1991 between the Authority and UMB Bank, N.A. as successor trustee to Mercantile Bank of St. Louis, N.A. (AmerenUE 1992 Form 10-K, Exhibit 4.37).
4.5	Loan Agreement dated as of December 1, 1992, between the State Environmental Improvement and Energy Resources Authority and AmerenUE, together with Indenture of Trust dated as of December 1, 1992 between the Authority and UMB Bank, N.A. as successor trustee to Mercantile Bank of St. Louis, N.A. (AmerenUE 1992 Form 10-K, Exhibit 4.38).
4.6	Fuel Lease dated as of February 24, 1981 between AmerenUE, as lessee, and Gateway Fuel Company, as lessor, covering nuclear fuel (AmerenUE 1980 Form 10-K, Exhibit 10.20).

Exhibit No.	Description
4.7	Amendments to Fuel Lease dated as of May 8, 1984 and October 15, 1984, respectively, between AmerenUE, as lessee, and Gateway Fuel Company, as lessor, covering nuclear fuel (File No. 2-96198, Exhibit 4.28).
4.8	Amendment to Fuel Lease dated as of October 15, 1986 between AmerenUE, as lessee, and Gateway Fuel Company, as lessor, covering nuclear fuel (AmerenUE September 30, 1986 Form 10-Q, Exhibit 4.3).
4.9	Series 1998A Loan Agreement dated as of September 1, 1998 between The State Environmental Improvement and Energy Resources Authority of the State of Missouri and AmerenUE (AmerenUE September 30, 1998 Form 10-Q, Exhibit 4.28).
4.10	Series 1998B Loan Agreement dated as of September 1, 1998 between The State Environmental Improvement and Energy Resources Authority of the State of Missouri and AmerenUE (AmerenUE September 30, 1998 Form 10-Q, Exhibit 4.29).
4.11	Series 1998C Loan Agreement dated as of September 1, 1998 between The State Environmental Improvement and Energy Resources Authority of the State of Missouri and AmerenUE (AmerenUE September 30, 1998 Form 10-Q, Exhibit 4.30).
4.12	Indenture dated as of August 15, 2002 from AmerenUE to The Bank of New York, as Trustee, relating to senior secured debt securities (including the forms of senior secured debt securities as exhibits) (Ameren UE Form 8-K dated August 22, 2002, Exhibit 4.1).
4.13	AmerenUE Company order dated August 22, 2002 establishing the 5.25% Senior Secured Notes due 2012 (AmerenUE Form 8-K dated August 22, 2002, Exhibit 4.2).
4.14	AmerenUE Company order dated March 10, 2003 establishing the 5.50% Senior Secured Notes due 2034 (AmerenUE Form 8-K dated March 10, 2003, Exhibit 4.2).
4.15	Indenture of Mortgage or Deed of Trust dated October 1, 1941, from Central Illinois Public Service Company d/b/a AmerenCIPS (AmerenCIPS) to Continental Illinois National Bank and Trust Company of Chicago and Edmond B. Stofft, as Trustees (U.S. Bank Trust National Association and Patrick J. Crowley are successor Trustees.) (Exhibit 2.01 in File No. 2-60232).
4.16	Supplemental Indentures dated, respectively September 1, 1947, January 1, 1949, February 1, 1952, September 1, 1952, June 1, 1954, February 1, 1958, January 1, 1959, May 1, 1963, May 1, 1964, June 1, 1965, May 1, 1967, April 1, 1970, April 1, 1971, September 1, 1971, May 1, 1972, December 1, 1973, March 1, 1974, April 1, 1975, October 1, 1976, November 1, 1976, October 1, 1978, August 1, 1979, February 1, 1980, February 1, 1986, May 15, 1992, July 1, 1992, September 15, 1992, April 1, 1993, June 1, 1995, March 15, 1997, June 1, 1997, December 1, 1998 and June 1, 2001 between AmerenCIPS and the Trustees under the Indenture of Mortgage or Deed of Trust referred to above as Exhibit 4.14 (Amended Exhibit 7(b) in File No. 2-7341; Second Amended Exhibit 7.03 in File No. 2-7795; Second Amended Exhibit 4.07 in File No. 2-9353; Amended Exhibit 4.05 in File No. 2-9802; Amended Exhibit 4.02 in File No. 2-10944; Amended Exhibit 2.02 in File No. 2-13866; Amended Exhibit 2.02 in File No. 2-14656; Amended Exhibit 2.02 in File No.2-21345; Amended Exhibit 2.02 in File No. 2-22326; Amended Exhibit 2.02 in File No. 2-23569; Amended Exhibit 2.02 in File No. 2-26284; Amended Exhibit 2.02 in File No. 2-36388; Amended Exhibit 2.02 in File No. 2-39587; Amended Exhibit 2.02 in File No. 2-41468; Amended Exhibit 2.02 in File No. 2-43912; Exhibit 2.03 in File No. 2-60232; Amended Exhibit 2.02 in File No. 2-50146; Amended Exhibit 2.02 in File No. 2-52886; Second Amended Exhibit 2.04 in File No. 2-57141; Amended Exhibit 2.04 in File No. 2-57557; Amended Exhibit 2.06 in File No. 2-62564; Exhibit 2.02(a) in File No. 2-65914; Amended Exhibit 2.02(a) in File No. 2-66380; and Amended Exhibit 4.02 in File No. 33-3188; Exhibit 4.02 to AmerenCIPS Form 8-K dated May 15, 1992; Exhibit 4.02 to AmerenCIPS Form 8-K dated July 1, 1992; Exhibit 4.02 to AmerenCIPS Form 8-K dated September 15, 1992; Exhibit 4.02 to AmerenCIPS Form 8-K dated March 30, 1993; Exhibit

4.03 to AmerenCIPS Form 8-K dated June 5, 1995; Exhibit 4.03 to AmerenCIPS Form 8-K dated March 15, 1997; Exhibit 4.03 to AmerenCIPS Form 8-K dated June 1, 1997; Exhibit 4.2 in File No. 333-59438; Exhibit 4.1 to June 30, 2001 AmerenCIPS Form 10-Q.)

Exhibit No.	Description
4.17	Agreement, dated as of October 9, 1998, between Ameren and EquiServe Trust Company, N.A. (as successor to First Chicago Trust Company of New York), as Rights Agent, which includes the form of Certificate of Designation of the Preferred Shares as Exhibit A, the form of Rights Certificate as Exhibit B and the Summary of Rights as Exhibit C (October 14, 1998 Form 8-K, Exhibit 4).
4.18	Indenture dated as of December 1, 1998 from AmerenCIPS to The Bank of New York, as Trustee, relating to AmerenCIPS' Senior Notes, 5.375% due 2008 and 6.125% due 2028 (Exhibit 4.4, in File No. 333-59438).
4.19	Indenture dated as of November 1, 2000 from AmerenEnergy Generating Company (Generating Company) to The Bank of New York, as Trustee, relating to the issuance of senior notes (File No. 333-56594, Exhibit 4.1).
4.20	First Supplemental Indenture dated as of November 1, 2000 to Indenture dated as of November 1, 2000 from Generating Company to The Bank of New York, as Trustee, relating to Generating Company's 7.75% Senior Notes, Series A due 2005 and 8.35% Senior Notes, Series B due 2010 (File No. 333-56594, Exhibit 4.2).
4.21	Form of Second Supplemental Indenture dated as of June 12, 2001 to Indenture dated as of November 1, 2000 from Generating Company to The Bank of New York, as Trustee, relating to Generating Company's 7.75% Senior Notes, Series C due 2005 and 8.35% Senior Note, Series D due 2010 (including as exhibit the form of Exchange Note) (File No. 333-56594, Exhibit 4.3).
4.22	Third Supplemental Indenture dated as of June 1, 2002 to Indenture dated as of November 1, 2000 from Generating Company to The Bank of New York, as Trustee, relating to Generating Company's 7.95% Senior Notes, Series E due 2032 (including as exhibit the form of Note) (June 30, 2002 Generating Company Form 10-Q, Exhibit 4.1).
4.23	Fourth Supplemental Indenture dated as of January 15, 2003 to Indenture dated as of November 1, 2000 from Generating Company to The Bank of New York, as Trustee, relating to Generating Company's 7.95% Senior Notes, Series F due 2032 (including as exhibit the form of Exchange Note) (Generating Company 2002 Form 10-K, Exhibit 4.5).
4.24	Indenture of Ameren with The Bank of New York, as Trustee, relating to senior debt securities dated as of December 1, 2001 (Ameren's Senior Indenture) (File No. 333-81774, Exhibit 4.5).
4.25	Ameren company order relating to $150 million Floating Rate Notes due December 12, 2003 issued under Ameren's Senior Indenture (including the forms of notes) (File No. 333-81774, Exhibit 4.6).
4.26	Ameren company order relating to $100 million 5.70% Notes due February 1, 2007 issued under Ameren's Senior Indenture (including the forms of notes) (File No. 333-81774, Exhibit 4.7).
4.27	Ameren company order relating to $345 million Notes due May 15, 2007 issued under Ameren's Senior Indenture (including the forms of notes and certificate of normal unit) (File No. 333-81774, Exhibit 4.8).
4.28	Purchase Contract Agreement dated as of March 1, 2002 between Ameren and The Bank of New York, as purchase contract agent, relating to the 13,800,000 9.75% Adjustable Conversion-Rate Equity Security Units (Equity Security Units) (File No. 333-81774, Exhibit 4.15).

Exhibit No.		Description
4.29		Pledge Agreement dated as of March 1, 2002 among Ameren, The Bank of New York, as purchase contract agent and BNY Trust Company of Missouri, as collateral agent, custodial agent and securities intermediary, relating to the Equity Security Units (File No. 333-81774, Exhibit 4.16).
4.30		Indenture, dated as of October 18, 1999, between Midwest Energy, Inc and The Bank of New York, as Trustee; First Supplemental Indenture, dated as of October 18, 1999, between CILCORP Inc. and The Bank of New York (Designated in registration statement Form S-4 filed by CILCORP, Inc. (CILCORP) on November 4, 1999, as exhibits 4.1 and 4.2).
4.31		Indenture of Mortgage and Deed of Trust between Illinois Power Company and Bankers Trust Company, as Trustee, dated as of April 1, 1933, Supplemental Indenture between the same parties dated as of June 30, 1933, Supplemental Indenture between the Company and Bankers Trust Company, as Trustee, dated as of July 1, 1933 and Supplemental Indenture between the same parties dated as of January 1, 1935, securing First Mortgage Bonds, and indentures supplemental to the foregoing through November 1, 1994. (Designated in Registration No. 2-1937 as Exhibit B-1, in Registration No. 2-2093 as Exhibit B-1(a), in Form 8-K for April 1940, File No. 1-2732-2, as Exhibit A, in Form 8-K for December 1949, File No. 1-2732-2, as Exhibit A, in Form 8-K for December 1951, File No. 1-2732, as Exhibit A, in Form 8-K for July 1957, File No. 1-2732, as Exhibit A, in Form 8-K for July 1958, File No. 1-2732, as Exhibit A, in Form 8-K for March 1960, File No. 1-2732, as Exhibit A, in Form 8-K for September 1961, File No. 1-2732, as Exhibit B, in Form 8-K for March 1963, File No. 1-2732, as Exhibit A, in Form 8-K for February 1966, File No. 1-2732, as Exhibit A, in Form 8-K for March 1967, File No. 1-2732, as Exhibit A, in Form 8-K for August 1970, File No. 1-2732, as Exhibit A, in Form 8-K for September 1971, File No. 1-2732, as Exhibit A, in Form 8-K for September 1972, File No. 1-2732, as Exhibit A, in Form 8-K for April 1974, File No. 1-2732, as Exhibit 2(b), in Form 8-K for June 1974, File No. 1-2732, as Exhibit A, in Form 8-K for March 1975, File No. 1-2732, as Exhibit A, in Form 8-K for May 1976, File No. 1-2732, as Exhibit A, in Form 10-Q for the quarter ended June 30, 1978, File No. 1-2732, as Exhibit 2, in Form 10-K for the year ended December 31, 1982, File No. 1-2732, as Exhibit (4)(b), in Form 8-K dated January 30, 1992, File No. 1-2732, as Exhibit (4) in Form 8-K dated January 29, 1993, File No. 1-2732, as Exhibit (4) and in Form 8-K dated December 2, 1994, File No. 1-2732, as Exhibit (4).)
10.1	*	Ameren's Long-Term Incentive Plan of 1998 (1998 Form 10-K, Exhibit 10.1).
10.2	*	Ameren's Change of Control Severance Plan (1998 Form 10-K, Exhibit 10.2).
10.3	*	Ameren's Deferred Compensation Plan for Members of the Board of Directors (1998 Form 10-K, Exhibit 10.4).
10.4	*	Ameren's Deferred Compensation Plan for Members of the Ameren Leadership Team as amended and restated effective January 1, 2001 (2000 Form 10-K, Exhibit 10.1).
10.5	*	Ameren's Executive Incentive Compensation Program Elective Deferral Provisions for Members of the Ameren Leadership Team as amended and restated effective January 1, 2001 (2000 Form 10-K, Exhibit 10.2).
10.6		Asset Transfer Agreement between Generating Company and AmerenCIPS (June 30, 2000 AmerenCIPS Form 10-Q, Exhibit 10).
10.7		Amended Electric Power Supply Agreement between Generating Company and AmerenEnergy Marketing Company (Marketing Co.) (File No. 333-56594, Exhibit 10.2).
10.8		2nd Amended Electric Power Supply Agreement between Generating Company and Marketing Co. (March 31, 2001 Form 10-Q, Exhibit 10.1).
10.9		Electric Power Supply Agreement between Marketing Co. and

AmerenCIPS (File No. 333-56594, Exhibit 10.3).

Exhibit No.		Description
10.10		Amended Electric Power Supply Agreement between Marketing Co. and AmerenCIPS (March 31, 2001 Form 10-Q, Exhibit 10.2).
10.11		Power Sales Agreement between Marketing Co. and AmerenUE (September 30, 2001 Generating Company Form 10-Q, Exhibit 10.1).
10.12		Power Sales Agreement between Marketing Co. and AmerenUE (March 31, 2002 Generating Company Form 10-Q, Exhibit 10.1).
10.13		Amended Joint Dispatch Agreement among Generating Company, AmerenCIPS and AmerenUE (File No. 333-56594, Exhibit 10.4).
10.14		Lease Agreement dated as of December 1, 2002 between the City of Bowling Green, Missouri, as Lessor, and AmerenUE, as Lessee (AmerenUE 2002 Form 10-K, Exhibit 10.9).
10.15		Trust Indenture dated as of December 1, 2002 between the City of Bowling Green, Missouri and Commerce Bank, N.A. as Trustee (AmerenUE 2002 Form 10-K, Exhibit 10.10).
10.16		Bond Purchase Agreement dated as of December 20, 2002 between the City of Bowling Green, Missouri and AmerenUE as purchaser (AmerenUE 2002 Form 10-K, Exhibit 10.11).
10.17	**	Amended and Restated Appendix I ITC Agreement dated February 14, 2003 between the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) and GridAmerica LLC (GridAmerica).
10.18	**	Amended and Restated Limited Liability Company Agreement of GridAmerica dated February 14, 2003.
10.19	**	Amended and Restated Master Agreement by and among GridAmerica, GridAmerica Holdings Inc., GridAmerica Companies and National Grid USA dated February 14, 2003.
10.20	**	Amended and Restated Operation Agreement by and among AmerenUE, AmerenCIPS, American Transmission Systems, Inc., Northern Indiana Public Service Company and GridAmerica dated February 14, 2003.
10.21	*	CILCO Executive Deferral Plan. As amended effective August 15, 1999 (CILCORP 1999 Form 10-K, Exhibit 10).
10.22	*	CILCO Executive Deferral Plan II. As amended effective April 1, 1999 (CILCORP 1999 Form 10-K, Exhibit 10a).
10.23	*	CILCO Benefit Replacement Plan. As amended effective August 15, 1999 (CILCORP 1999 Form 10-K, Exhibit 10b).
10.24	*	Retention Agreement between Central Illinois Light Company (CILCO) and Scott A. Cisel dated October 16, 2001 (CILCORP 2001 Form 10-K, Exhibit 10c).
10.25	*	Bonus Agreements dated January 21, 2003, between CILCO and Robert J. Sprowls, Scott A. Cisel, James L. Luckey, III, and Thomas S. Romanowski (CILCORP 2002 Form 10-K, Exhibit 10d).
10.26	*	CILCO Involuntary Severance Pay Plan effective July 16, 2001 (CILCORP 2001 Form 10-K, Exhibit 10e).
10.27	*	CILCO Restructured Executive Deferral Plan (approved August 15, 1999) (CILCORP 1999 Form 10-K, Exhibit 10e).

Exhibit No.		Description
12.1	**	Statement of Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements.
13.1	**	Those pages of the 2002 Annual Report incorporated herein by reference.
21.1	**	Subsidiaries of Ameren.
23.1	**	Consent of Independent Accountants.
24.1	**	Power of Attorney.
99.1		Stipulation and Agreement dated July 15, 2002 in Missouri Public Service Commission (as No. EC-2002-1 (earnings complaint case against AmerenUE) File Nos. 333-87506 and 333-87506-01, Exhibit 99.1).
99.2	**	Certificate of Chief Executive Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.
99.3	**	Certificate of Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.

*Management compensatory plan or arrangement. **Filed herewith.

Exhibits Available Upon Request

The following instruments defining the rights of holders of certain unregistered long-term debt of AmerenCIPS and AmerenUE have not been filed with the SEC but will be furnished upon request.

Loan Agreement dated January 1, 1993, between AmerenCIPS and Illinois Development Finance Authority (IDFA) in connection with IDFA's $35,000,000, 6-3/8% Pollution Control Revenue Refunding Bonds (Central Illinois Public Service Company Project) 1993 Series A, due January 1, 2028.

Loan Agreement dated June 1, 1993, between AmerenCIPS and IDFA in connection with IDFA's $17,500,000 Pollution Control Revenue Refunding Bonds, 1993 Series B-1 due June 1, 2028 and $17,500,000 Pollution Control Revenue Refunding Bonds, 1993 Series B-2 due June 1, 2028.

Loan Agreement dated August 15, 1993, between AmerenCIPS and IDFA in connection with IDFA's $35,000,000 Pollution Control Revenue Refunding Bonds, 1993 Series C-1 due August 15, 2026 and $25,000,000 Pollution Control Revenue Refunding Bonds, 1993 Series C-2 due August 15, 2026.

Loan Agreement dated March 1, 2000, between AmerenCIPS and IDFA in connection with the IDFA's $51,100,000 Pollution Control Revenue Refunding Bonds (AmerenCIPS Project) Series 2000A due March 1, 2014.

Loan Agreement dated March 1, 2000, between AmerenUE and the State Environmental Improvement and Energy Resources Authority of the State of Missouri (EIERA) in connection with the EIERA's $186,500,000 Environmental Improvement Revenue Refunding Bonds (AmerenUE Project) ($63,500,000 Series 2000A, $63,000,000 Series 2000B, and $60,000,000 Series 2000C) due March 1, 2035.

Note: Reports of Union Electric Company on Forms 8-K, 10-Q and 10-K are on file with the SEC under File Number 1-2967.

Reports of Central Illinois Public Service Company on Forms 8-K, 10-Q and 10-K are on file with the SEC under File Number 1-3672.

Reports of AmerenEnergy Generating Company on Forms 8-K, 10-Q and 10-K are on file with the SEC under File Number 333-56594.

Reports of CILCORP Inc. on Forms 8-K, 10-Q and 10-K are on file with the SEC under File Number 1-8946.

Reports of Central Illinois Light Company on Forms 8-K, 10-Q and 10-K are on file with the SEC under File Number 1-2732.

REPORT OF INDEPENDENT ACCOUNTANTS
ON FINANCIAL STATEMENT SCHEDULE

To the Board of Directors
of Ameren Corporation:

Our audits of the consolidated financial statements referred to in our report dated February 13, 2003 appearing in the 2002 Annual Report to Shareholders of Ameren Corporation (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedule listed in Item 15(A)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
February 13, 2003

AMEREN CORPORATION
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2002, 2001 AND 2000

Col. A.	Col. B	Col. C		Col. D	Col. E
		Additions			
		(1)	(2)		
Description	Balance at beginning of period	Charged to costs and expenses	Charged to other accounts	Deductions	Balance at end of period
				(Note)	
Year ended December 31, 2002					
Reserves deducted in the balance sheet from assets to which they apply:					
Allowance for doubtful accounts	$8,783,464	$19,993,000		$21,426,933	$7,349,531
Year ended December 31, 2001					
Reserves deducted in the balance sheet from assets to which they apply:					
Allowance for doubtful accounts	$8,028,034	$23,654,000		$22,898,570	$8,783,464
Year ended December 31, 2000					
Reserves deducted in the balance sheet from assets to which they apply:					
Allowance for doubtful accounts	$7,136,340	$11,540,000		$10,648,306	$8,028,034

Note: Uncollectible accounts charged off, less recoveries.

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.

AMEREN CORPORATION
(Registrant)

Date: March 31, 2003 *By /s/ Charles W. Mueller*
Charles W. Mueller
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

Signature	*Title*	*Date*
/s/ Charles W. Mueller *Charles W. Mueller*	*Chairman, Chief Executive Officer and Director (Principal Executive Officer)*	*March 31, 2003*
/s/ Gary L. Rainwater *Gary L. Rainwater*	*President and Chief Operating Officer*	*March 31, 2003*
/s/ Warner L. Baxter *Warner L. Baxter*	*Senior Vice President, Finance (Principal Financial Officer)*	*March 31, 2003*
/s/ Martin J. Lyons *Martin J. Lyons*	*Vice President and Controller (Principal Accounting Officer)*	*March 31, 2003*
* William E. Cornelius	Director	March 31, 2003
* Clifford L. Greenwalt	Director	March 31, 2003
* Thomas A. Hays	Director	March 31, 2003
* Richard A. Liddy	Director	March 31, 2003
* Gordon R. Lohman	Director	March 31, 2003
* Richard A. Lumpkin	Director	March 31, 2003
* John Peters MacCarthy	Director	March 31, 2003
* Hanne M. Merriman	Director	March 31, 2003
* Paul L. Miller, Jr.	Director	March 31, 2003
* Harvey Saligman	Director	March 31, 2003
*	Director	March 31, 2003

James W. Wogsland

*By /s/ Steven R. Sullivan March 31, 2003

Steven R. Sullivan
Attorney-in-Fact

CERTIFICATIONS

I, Charles W. Mueller, certify that:

1. I have reviewed this annual report on Form 10-K of Ameren Corporation;

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

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-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 31, 2003

/s/ Charles W. Mueller

Charles W. Mueller
Chief Executive Officer

CERTIFICATIONS (CONTINUED)

I, Warner L. Baxter, certify that:

1. I have reviewed this annual report on Form 10-K of Ameren Corporation;

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

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-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures 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) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the Evaluation Date); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 31, 2003

/s/ Warner L. Baxter

Warner L. Baxter
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
2.1	Stock purchase agreement, dated as of April 28, 2002, by and between The AES Corporation (AES) and Ameren (March 31, 2002 Form 10-Q, Exhibit 2.1).
2.2	Membership Interest Purchase Agreement, dated as of April 28, 2002, by and between AES and Ameren (March 31, 2002 Form 10-Q, Exhibit 2.2).
3.1(i)	Restated Articles of Incorporation of Ameren (File No. 33-64165, Annex F).
3.2(i)	Certificate of Amendment to Ameren's Restated Articles of Incorporation filed with the Secretary of State of the State of Missouri on December 14, 1998 (1998 Form 10-K, Exhibit 3(i)).
3.3(ii)	By-Laws of Ameren as amended to December 31, 1997 (1997 Form 10-K, Exhibit 3(ii)).
4.1	Indenture of Mortgage and Deed of Trust of AmerenUE dated June 15, 1937 (AmerenUE Mortgage), as amended May 1, 1941, and Second Supplemental Indenture dated May 1, 1941 (File No. 2-4940, Exhibit B-1).
4.2	Supplemental Indentures to the AmerenUE Mortgage

Dated as of	File Reference	Exhibit No.
April 1, 1971	AmerenUE Form 8-K, April 1971	6
February 1, 1974	AmerenUE Form 8-K, February 1974	3
July 7, 1980	2-69821	4.6
December 1, 1991	33-45008	4.4
December 4, 1991	33-45008	4.5
January 1, 1992	AmerenUE Form 10-K, 1991	4.6
October 1, 1992	AmerenUE Form 10-K, 1992	4.6
December 1, 1992	AmerenUE Form 10-K, 1992	4.7
February 1, 1993	AmerenUE Form 10-K, 1992	4.8
May 1, 1993	AmerenUE Form 10-K, 1993	4.6
August 1, 1993	AmerenUE Form 10-K, 1993	4.7
October 1, 1993	AmerenUE Form 10-K, 1993	4.8
January 1, 1994	AmerenUE Form 10-K, 1993	4.9
February 1, 2000	AmerenUE Form 10-K, 2000	4.1
August 15, 2002	AmerenUE Form 8-K, August 22, 2002	4.3
March 5, 2003	AmerenUE Form 8-K, March 10, 2003	4.4

4.3	Indenture (for unsecured subordinated debt securities) of AmerenUE dated as of December 1, 1996 (AmerenUE 1996 Form 10-K, Exhibit 4.36).
4.4	Loan Agreement dated as of December 1, 1991 between the State Environmental Improvement and Energy Resources Authority and AmerenUE, together with Indenture of Trust dated as of December 1, 1991 between the Authority and UMB Bank, N.A. as successor trustee to Mercantile Bank of St. Louis, N.A. (AmerenUE 1992 Form 10-K, Exhibit 4.37).
4.5	Loan Agreement dated as of December 1, 1992, between the State Environmental Improvement and Energy Resources Authority and AmerenUE, together with Indenture of Trust dated as of December 1, 1992 between the Authority and UMB Bank, N.A. as successor trustee to Mercantile Bank of St. Louis, N.A. (AmerenUE 1992 Form 10-K, Exhibit 4.38).
4.6	Fuel Lease dated as of February 24, 1981 between AmerenUE, as lessee, and Gateway Fuel Company, as lessor, covering nuclear fuel (AmerenUE 1980 Form 10-K, Exhibit 10.20).

Exhibit No.	Description
4.7	Amendments to Fuel Lease dated as of May 8, 1984 and October 15, 1984, respectively, between AmerenUE, as lessee, and Gateway Fuel Company, as lessor, covering nuclear fuel (File No. 2-96198, Exhibit 4.28).
4.8	Amendment to Fuel Lease dated as of October 15, 1986 between AmerenUE, as lessee, and Gateway Fuel Company, as lessor, covering nuclear fuel (AmerenUE September 30, 1986 Form 10-Q, Exhibit 4.3).
4.9	Series 1998A Loan Agreement dated as of September 1, 1998 between The State Environmental Improvement and Energy Resources Authority of the State of Missouri and AmerenUE (AmerenUE September 30, 1998 Form 10-Q, Exhibit 4.28).
4.10	Series 1998B Loan Agreement dated as of September 1, 1998 between The State Environmental Improvement and Energy Resources Authority of the State of Missouri and AmerenUE (AmerenUE September 30, 1998 Form 10-Q, Exhibit 4.29).
4.11	Series 1998C Loan Agreement dated as of September 1, 1998 between The State Environmental Improvement and Energy Resources Authority of the State of Missouri and AmerenUE (AmerenUE September 30, 1998 Form 10-Q, Exhibit 4.30).
4.12	Indenture dated as of August 15, 2002 from AmerenUE to The Bank of New York, as Trustee, relating to senior secured debt securities (including the forms of senior secured debt securities as exhibits) (Ameren UE Form 8-K dated August 22, 2002, Exhibit 4.1).
4.13	AmerenUE Company order dated August 22, 2002 establishing the 5.25% Senior Secured Notes due 2012 (AmerenUE Form 8-K dated August 22, 2002, Exhibit 4.2).
4.14	AmerenUE Company order dated March 10, 2003 establishing the 5.50% Senior Secured Notes due 2034 (AmerenUE Form 8-K dated March 10, 2003, Exhibit 4.2).
4.15	Indenture of Mortgage or Deed of Trust dated October 1, 1941, from Central Illinois Public Service Company d/b/a AmerenCIPS (AmerenCIPS) to Continental Illinois National Bank and Trust Company of Chicago and Edmond B. Stofft, as Trustees (U.S. Bank Trust National Association and Patrick J. Crowley are successor Trustees.) (Exhibit 2.01 in File No. 2-60232).
4.16	Supplemental Indentures dated, respectively September 1, 1947, January 1, 1949, February 1, 1952, September 1, 1952, June 1, 1954, February 1, 1958, January 1, 1959, May 1, 1963, May 1, 1964, June 1, 1965, May 1, 1967, April 1, 1970, April 1, 1971, September 1, 1971, May 1, 1972, December 1, 1973, March 1, 1974, April 1, 1975, October 1, 1976, November 1, 1976, October 1, 1978, August 1, 1979, February 1, 1980, February 1, 1986, May 15, 1992, July 1, 1992, September 15, 1992, April 1, 1993, June 1, 1995, March 15, 1997, June 1, 1997, December 1, 1998 and June 1, 2001 between AmerenCIPS and the Trustees under the Indenture of Mortgage or Deed of Trust referred to above as Exhibit 4.14 (Amended Exhibit 7(b) in File No. 2-7341; Second Amended Exhibit 7.03 in File No. 2-7795; Second Amended Exhibit 4.07 in File No. 2-9353; Amended Exhibit 4.05 in File No. 2-9802; Amended Exhibit 4.02 in File No. 2-10944; Amended Exhibit 2.02 in File No. 2-13866; Amended Exhibit 2.02 in File No. 2-14656; Amended Exhibit 2.02 in File No.2-21345; Amended Exhibit 2.02 in File No. 2-22326; Amended Exhibit 2.02 in File No. 2-23569; Amended Exhibit 2.02 in File No. 2-26284; Amended Exhibit 2.02 in File No. 2-36388; Amended Exhibit 2.02 in File No. 2-39587; Amended Exhibit 2.02 in File No. 2-41468; Amended Exhibit 2.02 in File No. 2-43912; Exhibit 2.03 in File No. 2-60232; Amended Exhibit 2.02 in File No. 2-50146; Amended Exhibit 2.02 in File No. 2-52886; Second Amended Exhibit 2.04 in File No. 2-57141; Amended Exhibit 2.04 in File No. 2-57557; Amended Exhibit 2.06 in File No. 2-62564; Exhibit 2.02(a) in File No. 2-65914; Amended Exhibit 2.02(a) in File No. 2-66380; and Amended Exhibit 4.02 in File No. 33-3188; Exhibit 4.02 to AmerenCIPS Form 8-K dated May 15, 1992; Exhibit 4.02 to AmerenCIPS Form 8-K dated July 1, 1992; Exhibit 4.02 to AmerenCIPS Form 8-K dated September 15, 1992; Exhibit 4.02 to AmerenCIPS Form 8-K dated March 30, 1993; Exhibit

4.03 to AmerenCIPS Form 8-K dated June 5, 1995; Exhibit 4.03 to AmerenCIPS Form 8-K dated March 15, 1997; Exhibit 4.03 to AmerenCIPS Form 8-K dated June 1, 1997; Exhibit 4.2 in File No. 333-59438; Exhibit 4.1 to June 30, 2001 AmerenCIPS Form 10-Q.)

Exhibit No.	Description
4.17	Agreement, dated as of October 9, 1998, between Ameren and EquiServe Trust Company, N.A. (as successor to First Chicago Trust Company of New York), as Rights Agent, which includes the form of Certificate of Designation of the Preferred Shares as Exhibit A, the form of Rights Certificate as Exhibit B and the Summary of Rights as Exhibit C (October 14, 1998 Form 8-K, Exhibit 4).
4.18	Indenture dated as of December 1, 1998 from AmerenCIPS to The Bank of New York, as Trustee, relating to AmerenCIPS' Senior Notes, 5.375% due 2008 and 6.125% due 2028 (Exhibit 4.4, in File No. 333-59438).
4.19	Indenture dated as of November 1, 2000 from AmerenEnergy Generating Company (Generating Company) to The Bank of New York, as Trustee, relating to the issuance of senior notes (File No. 333-56594, Exhibit 4.1).
4.20	First Supplemental Indenture dated as of November 1, 2000 to Indenture dated as of November 1, 2000 from Generating Company to The Bank of New York, as Trustee, relating to Generating Company's 7.75% Senior Notes, Series A due 2005 and 8.35% Senior Notes, Series B due 2010 (File No. 333-56594, Exhibit 4.2).
4.21	Form of Second Supplemental Indenture dated as of June 12, 2001 to Indenture dated as of November 1, 2000 from Generating Company to The Bank of New York, as Trustee, relating to Generating Company's 7.75% Senior Notes, Series C due 2005 and 8.35% Senior Note, Series D due 2010 (including as exhibit the form of Exchange Note) (File No. 333-56594, Exhibit 4.3).
4.22	Third Supplemental Indenture dated as of June 1, 2002 to Indenture dated as of November 1, 2000 from Generating Company to The Bank of New York, as Trustee, relating to Generating Company's 7.95% Senior Notes, Series E due 2032 (including as exhibit the form of Note) (June 30, 2002 Generating Company Form 10-Q, Exhibit 4.1).
4.23	Fourth Supplemental Indenture dated as of January 15, 2003 to Indenture dated as of November 1, 2000 from Generating Company to The Bank of New York, as Trustee, relating to Generating Company's 7.95% Senior Notes, Series F due 2032 (including as exhibit the form of Exchange Note) (Generating Company 2002 Form 10-K, Exhibit 4.5).
4.24	Indenture of Ameren with The Bank of New York, as Trustee, relating to senior debt securities dated as of December 1, 2001 (Ameren's Senior Indenture) (File No. 333-81774, Exhibit 4.5).
4.25	Ameren company order relating to $150 million Floating Rate Notes due December 12, 2003 issued under Ameren's Senior Indenture (including the forms of notes) (File No. 333-81774, Exhibit 4.6).
4.26	Ameren company order relating to $100 million 5.70% Notes due February 1, 2007 issued under Ameren's Senior Indenture (including the forms of notes) (File No. 333-81774, Exhibit 4.7).
4.27	Ameren company order relating to $345 million Notes due May 15, 2007 issued under Ameren's Senior Indenture (including the forms of notes and certificate of normal unit) (File No. 333-81774, Exhibit 4.8).
4.28	Purchase Contract Agreement dated as of March 1, 2002 between Ameren and The Bank of New York, as purchase contract agent, relating to the 13,800,000 9.75% Adjustable Conversion-Rate Equity Security Units (Equity Security Units) (File No. 333-81774, Exhibit 4.15).

Exhibit No.		Description
4.29		Pledge Agreement dated as of March 1, 2002 among Ameren, The Bank of New York, as purchase contract agent and BNY Trust Company of Missouri, as collateral agent, custodial agent and securities intermediary, relating to the Equity Security Units (File No. 333-81774, Exhibit 4.16).
4.30		Indenture, dated as of October 18, 1999, between Midwest Energy, Inc and The Bank of New York, as Trustee; First Supplemental Indenture, dated as of October 18, 1999, between CILCORP Inc. and The Bank of New York (Designated in registration statement Form S-4 filed by CILCORP, Inc. (CILCORP) on November 4, 1999, as exhibits 4.1 and 4.2).
4.31		Indenture of Mortgage and Deed of Trust between Illinois Power Company and Bankers Trust Company, as Trustee, dated as of April 1, 1933, Supplemental Indenture between the same parties dated as of June 30, 1933, Supplemental Indenture between the Company and Bankers Trust Company, as Trustee, dated as of July 1, 1933 and Supplemental Indenture between the same parties dated as of January 1, 1935, securing First Mortgage Bonds, and indentures supplemental to the foregoing through November 1, 1994. (Designated in Registration No. 2-1937 as Exhibit B-1, in Registration No. 2-2093 as Exhibit B-1(a), in Form 8-K for April 1940, File No. 1-2732-2, as Exhibit A, in Form 8-K for December 1949, File No. 1-2732-2, as Exhibit A, in Form 8-K for December 1951, File No. 1-2732, as Exhibit A, in Form 8-K for July 1957, File No. 1-2732, as Exhibit A, in Form 8-K for July 1958, File No. 1-2732, as Exhibit A, in Form 8-K for March 1960, File No. 1-2732, as Exhibit A, in Form 8-K for September 1961, File No. 1-2732, as Exhibit B, in Form 8-K for March 1963, File No. 1-2732, as Exhibit A, in Form 8-K for February 1966, File No. 1-2732, as Exhibit A, in Form 8-K for March 1967, File No. 1-2732, as Exhibit A, in Form 8-K for August 1970, File No. 1-2732, as Exhibit A, in Form 8-K for September 1971, File No. 1-2732, as Exhibit A, in Form 8-K for September 1972, File No. 1-2732, as Exhibit A, in Form 8-K for April 1974, File No. 1-2732, as Exhibit 2(b), in Form 8-K for June 1974, File No. 1-2732, as Exhibit A, in Form 8-K for March 1975, File No. 1-2732, as Exhibit A, in Form 8-K for May 1976, File No. 1-2732, as Exhibit A, in Form 10-Q for the quarter ended June 30, 1978, File No. 1-2732, as Exhibit 2, in Form 10-K for the year ended December 31, 1982, File No. 1-2732, as Exhibit (4)(b), in Form 8-K dated January 30, 1992, File No. 1-2732, as Exhibit (4) in Form 8-K dated January 29, 1993, File No. 1-2732, as Exhibit (4) and in Form 8-K dated December 2, 1994, File No. 1-2732, as Exhibit (4).)
10.1	*	Ameren's Long-Term Incentive Plan of 1998 (1998 Form 10-K, Exhibit 10.1).
10.2	*	Ameren's Change of Control Severance Plan (1998 Form 10-K, Exhibit 10.2).
10.3	*	Ameren's Deferred Compensation Plan for Members of the Board of Directors (1998 Form 10-K, Exhibit 10.4).
10.4	*	Ameren's Deferred Compensation Plan for Members of the Ameren Leadership Team as amended and restated effective January 1, 2001 (2000 Form 10-K, Exhibit 10.1).
10.5	*	Ameren's Executive Incentive Compensation Program Elective Deferral Provisions for Members of the Ameren Leadership Team as amended and restated effective January 1, 2001 (2000 Form 10-K, Exhibit 10.2).
10.6		Asset Transfer Agreement between Generating Company and AmerenCIPS (June 30, 2000 AmerenCIPS Form 10-Q, Exhibit 10).
10.7		Amended Electric Power Supply Agreement between Generating Company and AmerenEnergy Marketing Company (Marketing Co.) (File No. 333-56594, Exhibit 10.2).
10.8		2nd Amended Electric Power Supply Agreement between Generating Company and Marketing Co. (March 31, 2001 Form 10-Q, Exhibit 10.1).
10.9		Electric Power Supply Agreement between Marketing Co. and

AmerenCIPS (File No. 333-56594, Exhibit 10.3).

Exhibit No.		Description
10.10		Amended Electric Power Supply Agreement between Marketing Co. and AmerenCIPS (March 31, 2001 Form 10-Q, Exhibit 10.2).
10.11		Power Sales Agreement between Marketing Co. and AmerenUE (September 30, 2001 Generating Company Form 10-Q, Exhibit 10.1).
10.12		Power Sales Agreement between Marketing Co. and AmerenUE (March 31, 2002 Generating Company Form 10-Q, Exhibit 10.1).
10.13		Amended Joint Dispatch Agreement among Generating Company, AmerenCIPS and AmerenUE (File No. 333-56594, Exhibit 10.4).
10.14		Lease Agreement dated as of December 1, 2002 between the City of Bowling Green, Missouri, as Lessor, and AmerenUE, as Lessee (AmerenUE 2002 Form 10-K, Exhibit 10.9).
10.15		Trust Indenture dated as of December 1, 2002 between the City of Bowling Green, Missouri and Commerce Bank, N.A. as Trustee (AmerenUE 2002 Form 10-K, Exhibit 10.10).
10.16		Bond Purchase Agreement dated as of December 20, 2002 between the City of Bowling Green, Missouri and AmerenUE as purchaser (AmerenUE 2002 Form 10-K, Exhibit 10.11).
10.17	**	Amended and Restated Appendix I ITC Agreement dated February 14, 2003 between the Midwest Independent Transmission System Operator, Inc. (Midwest ISO) and GridAmerica LLC (GridAmerica).
10.18	**	Amended and Restated Limited Liability Company Agreement of GridAmerica dated February 14, 2003.
10.19	**	Amended and Restated Master Agreement by and among GridAmerica, GridAmerica Holdings Inc., GridAmerica Companies and National Grid USA dated February 14, 2003.
10.20	**	Amended and Restated Operation Agreement by and among AmerenUE, AmerenCIPS, American Transmission Systems, Inc., Northern Indiana Public Service Company and GridAmerica dated February 14, 2003.
10.21	*	CILCO Executive Deferral Plan. As amended effective August 15, 1999 (CILCORP 1999 Form 10-K, Exhibit 10).
10.22	*	CILCO Executive Deferral Plan II. As amended effective April 1, 1999 (CILCORP 1999 Form 10-K, Exhibit 10a).
10.23	*	CILCO Benefit Replacement Plan. As amended effective August 15, 1999 (CILCORP 1999 Form 10-K, Exhibit 10b).
10.24	*	Retention Agreement between Central Illinois Light Company (CILCO) and Scott A. Cisel dated October 16, 2001 (CILCORP 2001 Form 10-K, Exhibit 10c).
10.25	*	Bonus Agreements dated January 21, 2003, between CILCO and Robert J. Sprowls, Scott A. Cisel, James L. Luckey, III, and Thomas S. Romanowski (CILCORP 2002 Form 10-K, Exhibit 10d).
10.26	*	CILCO Involuntary Severance Pay Plan effective July 16, 2001 (CILCORP 2001 Form 10-K, Exhibit 10e).
10.27	*	CILCO Restructured Executive Deferral Plan (approved August 15, 1999) (CILCORP 1999 Form 10-K, Exhibit 10e).

Exhibit No.		Description
12.2	**	Statement of Computation of Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements.
13.2	**	Those pages of the 2002 Annual Report incorporated herein by reference.
21.2	**	Subsidiaries of Ameren.
23.2	**	Consent of Independent Accountants.
24.2	**	Power of Attorney.
99.1		Stipulation and Agreement dated July 15, 2002 in Missouri Public Service Commission (as No. EC-2002-1 (earnings complaint case against AmerenUE) File Nos. 333-87506 and 333-87506-01, Exhibit 99.1).
99.2	**	Certificate of Chief Executive Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.
99.3	**	Certificate of Chief Financial Officer required by Section 906 of the Sarbanes-Oxley Act of 2002.

*Management compensatory plan or arrangement. **Filed herewith.

EXECUTION COPY

AMENDED AND RESTATED APPENDIX I ITC AGREEMENT

This AMENDED AND RESTATED APPENDIX I INDEPENDENT TRANSMISSION COMPANY AGREEMENT (the "Agreement") is entered into as of this 14th day of February 2003, by and between the MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC. ("Midwest ISO") and GRIDAMERICA LLC ("GridAmerica"). Midwest ISO and GridAmerica are jointly referred to as the "Parties" and individually, as a "Party."

BACKGROUND

WHEREAS, the United States Federal Energy Regulatory Commission (together with any successor agency, "FERC" or "Commission") in Order No. 2000 called for the formation of regional transmission organizations ("RTOs") to promote the creation of large electricity markets and to provide reliable, cost-efficient services to customers;

WHEREAS, Midwest ISO is a FERC approved RTO with an open architecture that accommodates various forms of independent transmission company ("ITC") in its operation;

WHEREAS, on April 25, 2002, the Commission issued an order in Docket No. EL02-65 (99 FERC P. 61,105 (2002)) encouraging the formation of an ITC within Midwest ISO;

WHEREAS, Union Electric Company, d/b/a AmerenUE, and Central Illinois Public Service Company, d/b/a AmerenCIPS (together, "Ameren Operating Companies"), American Transmission Systems, Incorporated ("ATSI"), a subsidiary of FirstEnergy Corp., and Northern Indiana Public Service Company ("NIPSCO") wish to comply with Order No. 2000 through the formation of an ITC within Midwest ISO;

WHEREAS, (i) the Ameren Operating Companies, ATSI, NIPSCO and National Grid USA ("NGUSA") have executed and delivered that certain Master Agreement dated as of October 31, 2002 (the "Original Master Agreement") regarding the creation and operation of GridAmerica as an ITC within Midwest ISO, (ii) NGUSA has caused GridAmerica to be formed as a limited liability company with GridAmerica Holdings Inc., (successor to GridAmerica Holdings LLC), an affiliate of NGUSA as managing member, pursuant to that certain Limited Liability Company Agreement dated as of October 31, 2002 (the "Original LLC Agreement"), (iii) GridAmerica, Ameren Operating Companies, ATSI and NIPSCO have executed and delivered that certain Operation Agreement dated as of October 31, 2002 (the "Original Operation Agreement") pursuant to which GridAmerica will exercise functional control over the transmission facilities of the Ameren Operating Companies, ATSI and NIPSCO that are not currently under the operational control of a FERC approved RTO; and (iv) the Midwest ISO and GridAmerica have executed and delivered that certain Appendix I Independent Transmission Company Agreement dated as of October 31, 2002 (the "Original MISO ITC Agreement");

WHEREAS, on December 19, 2002, the Commission conditionally accepted for filing, and suspended and made effective subject to refund, future filings and further orders, the Original Master Agreement, the Original LLC Agreement, the Original Operation Agreement and the Original MISO ITC Agreement in Docket Nos. ER02-2233-001 and EC03-14-000 (101 FERC P. 61,320 (2003) (the "FERC Approving Order");

WHEREAS, the parties to each of the Original Master Agreement, the Original LLC Agreement and the Original LLC Agreement have agreed to, and have, amended and restated such Agreements to comply with the requirements of the FERC Approving Order;

WHEREAS, the Parties desire to set forth the terms and conditions governing GridAmerica's participation in Midwest ISO as modified as required by the FERC Approving Order;

NOW, THEREFORE, the Parties hereby agree to amend and restate the Original MISO ITC Agreement in its entirety as follows:

ARTICLE 1

DEFINITIONS

The terms used in this Agreement shall have the same meaning as in the Agreement Of Transmission Facilities Owners To Organize The Midwest Independent Transmission System Operator, Inc. on file with and accepted by the Commission as Midwest ISO's Rate Schedule FERC No. 1 ("Midwest ISO Agreement") unless otherwise specified herein.

"Ameren" means Ameren Services Company, individually and as agent for the Ameren Operating Companies.

"Ameren Operating Companies" has the meaning set forth in the recitals hereto.

"Ameren Zone" means the RTO pricing zone for which the rates accepted or approved by FERC for the Ameren Operating Companies shall apply.

"Ameren Zonal Rate" means the rates applicable to the Ameren Zone, as may be changed from time to time.

"Approval Order" shall mean one or more Final Orders that, collectively, approve this Agreement and such other agreements as may be necessary or desirable to create GridAmerica as an ITC within Midwest ISO as to which the approval of the Commission is required under applicable Law, without modification or condition, other than any such modifications and conditions as would not, in the aggregate, cause a Party to fail to realize any material benefit which it reasonably anticipates from participation in the transactions contemplated by such Agreements.

"ATSI Zone" means the RTO pricing zone for which rates for ATSI as accepted or approved by FERC shall apply.

"ATSI Zonal Rate" means the rates applicable to the ATSI Zone, as may be changed from time to time.

"Authority" has the meaning set forth in Section 18.3 hereof.

"Confidential Information" means all (i) information that is furnished to a Recipient by the Disclosing Party or its Representatives, in whatever form, that may constitute or contain confidential, proprietary or trade secret information, or which may otherwise be claimed by the Disclosing Party to be of a market-sensitive, competitive, confidential or proprietary nature, and (ii) all portions of any analyses, compilations, studies or other documents that include any of the foregoing information prepared by or for a Recipient. "Confidential Information" excludes any information that (i) the Disclosing Party notifies the Recipient in writing is not confidential; (ii) becomes available to the Recipient on a non-confidential basis from a source other than (a) the Disclosing Party, its Representatives or another person acting on behalf of the Disclosing Party, or (b) a party who has confidentiality obligations to the Disclosing Party; (iii) is or becomes generally available to the public other than as a result of a disclosure by the Recipient, its Representatives or any person to whom such Recipient or Representatives disclosed the information; (iv) was previously known to the Recipient free and clear of any obligation to keep it confidential; (v) is disclosed to third parties by the Disclosing Party without restriction or obligation of confidentiality; or (vi) is independently developed by the Recipient without reference to the Disclosing Party's Information.

"Consent" shall mean any authorization, consent, opinion, order, approval, license, franchise, ruling, permit, tariff, rate, certification, exemption, filing or registration from, by, or with any Governmental Authority, any person or any governing body of any person.

"Control Date" has the meaning set forth in Section 4.1.3 hereof.

"CPI Index" shall mean the Consumer Price Index for All Urban Consumers (unadjusted for seasonal variation) for the U.S. City Average as published from time to time by the U.S. Bureau of Labor Statistics or any successor index (or any substantially similar index in the event that no successor index is published) published by such bureau or any successor agency or department.

"Direct Claim" has the meaning set forth in Section 17.6 hereof.

"Disclosing Party" means either GridAmerica, Ameren, ATSI, or NIPSCO, on the one hand, or Midwest ISO, on the other hand, to the extent either such party is furnishing the other party with Confidential Information concerning itself or its affiliate(s).

"Effective Date" has the meaning set forth in Section 2.1 hereof.

"Facilities" mean those transmission facilities over which GridAmerica has functional control, as set forth on Schedule 1 attached hereto.

"FERC Approving Order" has the meaning set forth in the recitals hereof.

"Final Order" shall mean a final order issued by the Commission approving this Agreement and such other agreements as may be necessary or desirable to create GridAmerica as an ITC within Midwest ISO as to which approval of the Commission is required under applicable Law.

"FirstEnergy Operating Companies" means The Cleveland Electric Illuminating Company, Ohio Edison Company, Pennsylvania Power Company, and The Toledo Edison Company.

"Good Utility Practice" has the meaning set forth in the Midwest ISO Agreement.

"Governmental Authority" or "Governmental" shall mean a federal, state, local or foreign governmental authority; a state, province, commonwealth, territory or district thereof; a county or parish; a city, town, township, village or other municipality; a district, ward or other subdivision of any of the foregoing; any executive, legislative or other governing body of any of the foregoing; any agency, authority, board, department, system, service, office, commission, committee, council or other administrative body of any of the foregoing; any court or other judicial body and any officer, official or other representative of any of the foregoing.

"GridAmerica Integration Costs" has the meaning set forth in Section 13.1 hereof.

"GridAmerica Participants" means Ameren, ATSI, NIPSCO, and National Grid.

"GridAmerica System" has the meaning set forth in Section 4.1.3 hereof.

"GridAmerica Three" means Ameren, ATSI, and NIPSCO.

"Indemnifying Party" has the meaning set forth in Section 17.4 hereof.

"Indemnitee" has the meaning set forth in Section 17.4 hereof.

"ITC Agreements" means (i) the Amended and Restated Master Agreement dated as of February 14, 2003 by and among GridAmerica, GridAmerica Holdings Inc., the GridAmerica Three and NGUSA, (ii) the Amended and Restated Limited Liability Company Agreement of GridAmerica dated as of February 14, 2003 and entered into by GridAmerica Holdings Inc. and (iii) the Amended and Restated Operation Agreement dated as of February 14, 2003 by and among GridAmerica and the GridAmerica Three, in each case as the same may be amended, modified or otherwise supplemented and in effect from time to time.

"Law" shall mean any applicable constitutional provision, statute, act, code, law, regulation, rule, ordinance, order, decree, ruling, proclamation, resolution, judgment, decision, declaration or interpretive or advisory opinion of a Governmental Authority.

"Make-Ready Arrangements" shall mean the arrangements, contractual or otherwise, made by or entered into by GridAmerica and/or Midwest ISO pursuant to which GridAmerica or Midwest ISO, as the case may be, acquires such systems, personnel, services, intellectual property and other assets as are required for GridAmeria to serve as an Independent Transmission Company within Midwest ISO and for GridAmerica or Midwest ISO, as the case may be, to perform its obligations under the Delineation of Functions.

"Member" has the meaning set forth in the Midwest ISO Agreement.

"Midwest ISO OATT" has the meaning set forth in Section 4.1.5 hereof.

"NDTO" means a non-divesting transmission owner that has signed an Operation Agreement with GridAmerica.

"NIPSCO Zone" means the RTO pricing zone for which rates for NIPSCO as accepted or approved by the Commission shall apply.

"NIPSCO Zonal Rate" means the rates applicable to the NIPSCO Zone, as may be changed from time to time.

"OASIS" has the meaning set forth in Section 6.1 hereof.

"Order" shall mean any writ, judgment, decree, injunction or similar order of any Governmental Authority (in each such case, whether preliminary or final).

"Order No. 2000" means the order of FERC set forth in Regional Transmission Organizations, Order No. 2000, FERC Stats and Regs (Regulations Preambles) P. 31,089 (1999), order on reh'g, Order No. 2000-A, FERC Stats and Regs (Regulations Preambles) P. 31,092 (2000).

"Owners" has the meaning set forth in the Midwest ISO Agreement.

"Performance Manager" has the meaning set forth in Section 12.1 hereof.

"Recipient" means GridAmerica, Ameren, ATSI, or NIPSCO, on the one hand, or Midwest ISO, on the other hand, to the extent such Party is receiving Confidential Information of the Disclosing Party.

"Reliability Coordination Service" has the meaning set forth in Section 4.2.1 hereof.

"Reliability Coordinator" has the meaning set forth in Section 4.2.3 hereof.

"Representatives" means principals, partners, officers, directors, employees, agents, and other representatives, experts and advisors, including without limitation, attorneys, independent accountants, consultants, and financial advisors, and Representatives of such Representatives.

"Required Consent" shall mean with respect to GridAmerica, any required consent or approval of the Securities and Exchange Commission under the Public Utility Holding Company Act of 1935, as amended, and any Consents that a member of the GridAmerica Three notifies GridAmerica and Midwest ISO in writing prior to December 31, 2002 are a precondition to its participation in GridAmerica.

"RTO" has the meaning set forth in the recitals hereto.

"RTO Services" mean those services and functions which taken together enable Ameren, ATSI, and NIPSCO to comply fully with Order No. 2000, and shall include the transmission services described in, and to be provided by Midwest ISO under, this Agreement.

"Third Party Claim" has the meaning set forth in Section 17.4 hereof.

"Transmission System" has the meaning set forth in the Midwest ISO Agreement.

"Users" has the meaning set forth in the Midwest ISO Agreement.

ARTICLE 2

FILING, EFFECTIVE DATE, SERVICE DATE, TERM, AND TERMINATION

2.1 The GridAmerica Participants, on behalf of GridAmerica, and Midwest ISO shall jointly file with FERC for approval of this Agreement as soon as practicable following the execution hereof. This Agreement shall become effective upon the date the FERC shall have issued the Approval Order (the "Effective Date"). Each Party shall use its best efforts to gain FERC approval of this Agreement on an expedited basis and agrees to provide support for the model set forth in this Agreement in public fora and elsewhere. If the FERC accepts and generally approves this Agreement but requires a compliance filing by either of the Parties, the Parties shall evaluate whether such required compliance filing materially changes or frustrates the intent of this Agreement. The Parties agree to negotiate in good faith to establish new terms and conditions that place the Parties in the same position as bargained for in this Agreement. In the event that the Parties cannot reach an agreement within 30 days of FERC action on new terms and conditions, or the new terms and conditions are not subsequently accepted by the FERC, the GridAmerica Participants and GridAmerica may withdraw its application to join Midwest ISO upon thirty days written notice.

2.2 Subject to Sections 2.4 and 2.5, this Agreement shall remain in effect following the Effective Date for an initial term ending at midnight Carmel, Indiana time on the fifth anniversary of the Control Date, which initial term shall be automatically extended from year to year unless either Party shall have given the other six months written notice of termination prior to the end of the initial term, or at the end of any renewal term if such notice is given at least six months prior to the term then ending; provided, however, that (i) if at the time such notice of termination is given by either Party, applicable provisions in the Midwest ISO Transmission Owners Agreement governing the right of a "Transmission Owner" thereunder to withdraw from Midwest ISO specify a different minimum time for notice of withdrawal (whether longer or shorter) from Midwest ISO, such different minimum time shall apply under this Agreement and (ii) if GridAmerica (x) has not acquired transmission facilities of any NDTO and (y) ceases to function as an ITC, whether by reason of its dissolution, the withdrawal of all of the NDTOs participating in GridAmerica as contemplated by this Agreement and as permitted by the ITC Agreements or otherwise, then the term of this Agreement shall end at the close of business on the day GridAmerica ceases to function as an ITC.

2.3 Notwithstanding anything to the contrary set forth in this Agreement, if (a) ownership of all or a substantial portion of any NDTO or its transmission facilities is changed as a result of sale, merger, or acquisition involving a party other than an affiliate of such NDTO or (b) any NDTO exercises its right to withdraw from GridAmerica set forth in Section 5.7(a) or Section 5.7(b) of the Master Agreement or Section 5.1 of the Operation Agreement or (c) GridAmerica acquires transmission facilities of any NDTO, then such new owner or such NDTO or GridAmerica, as the case may be, may, subject to the terms and conditions set forth in the ITC Agreements, withdraw its facilities from GridAmerica; provided, however, that, unless the

Commission shall otherwise approve, upon the effectiveness of such withdrawal, such new owner, NDTO or GridAmerica, as the case may be, shall automatically be and become a member of Midwest ISO for a term ending no earlier than the fifth anniversary of the Control Date, or such later date as to which the term of this Agreement shall have been extended pursuant to Section 2.2 hereof, and otherwise having the same rights and obligations as a member "Transmission Owner" under the Midwest ISO Transmission Owners Agreement. Midwest ISO agrees to support the membership of any such new owner, NDTO or GridAmerica, as the case may be, in Midwest ISO as contemplated by the immediately preceding sentence.

2.4 Notwithstanding anything to the contrary set forth in this Agreement, GridAmerica has the right to withdraw from Midwest ISO upon 30 days written notice, subject to FERC approval, if other Midwest ISO Owners or ITCs withdraw from Midwest ISO where either: a) GridAmerica is no longer directly interconnected with a remaining Midwest ISO member; or b) a material portion of the transmission facilities under Midwest ISO's operational control are removed by Midwest ISO members.

2.5 If GridAmerica withdraws from Midwest ISO, GridAmerica will remain responsible for all financial obligations it incurs under the Midwest ISO Agreement and Midwest ISO OATT before the date of its withdrawal.

2.6 Should, upon the withdrawal of GridAmerica from the Midwest ISO, the NDTOs remain in the Midwest ISO either in another ITC or as Owners, GridAmerica will not be liable to the Midwest ISO for the shares of the unamortized GridAmerica Integration Costs applicable to those NDTOs that remain in Midwest ISO.

ARTICLE 3

STRUCTURE OF RTO ARRANGEMENT

3.1 GridAmerica will become an ITC within Midwest ISO pursuant to the terms and conditions of this Agreement. GridAmerica will be treated as an Owner under the Midwest ISO Agreement to the extent it owns transmission facilities within Midwest ISO. GridAmerica will represent the NDTOs with respect to the governance and activities of Midwest ISO. The NDTOs will have the same rights and voting authority as Owners under the Midwest ISO Agreement. Nothing in this Agreement will preclude the NDTOs or any of their affiliates from participating in appropriate Midwest ISO matters. Although this Agreement, and the relationship between GridAmerica and Midwest ISO as set forth herein, incorporates certain provisions of the Midwest ISO Agreement, any incorporation of the terms of the Midwest ISO Agreement herein shall not make GridAmerica an obligor under that agreement, nor shall incorporation of such terms make GridAmerica in any way a party to the Midwest ISO Agreement. References to the Midwest ISO Agreement in this Agreement shall mean the Midwest ISO Agreement and the Appendices thereto as the same exist on the date hereof and as the same may be amended from time to time but only if and not until such amendments, insofar as affecting this Agreement or the rights, entitlements or obligations of GridAmerica, are also documented hereunder pursuant to Section 19.2 hereof.

3.2 With respect to its supply of RTO Services under this Agreement, not-withstanding any other provision of this Agreement, Midwest ISO shall not discriminate against GridAmerica vis-a-vis other Midwest ISO Members (including without limitation Owners or other ITCs) or Users to which it supplies identical or substantially similar services.

3.3 Except to the extent inconsistent with the terms of this Agreement or as otherwise provided herein, the same procedures and protocols described in Appendix E to the Midwest ISO Agreement shall govern and apply to the relationship of the Parties and the provision of RTO Services by Midwest ISO hereunder, to the same extent as if GridAmerica were an Owner for purposes of such Appendix E.

ARTICLE 4

TRANSMISSION FACILITIES OPERATED BY GRIDAMERICA SUBJECT TO THE DIVISION OF FUNCTIONS SET FORTH IN SCHEDULE 5 TO THIS AGREEMENT AND TO CERTAIN PROTOCOLS SET FORTH IN VARIOUS SCHEDULES TO THIS AGREEMENT

4.1 Functional Control, Reliability, Provision of Regional Transmission Service.

4.1.1 GridAmerica will exercise functional control over the Facilities. The NDTOs will file applications with the Commission for approval of the transactions contemplated by this Agreement and the ITC Agreements.

4.1.2 After receiving authorization to exercise functional control over the Facilities, GridAmerica will cede to Midwest ISO those functions set forth in Schedule 5 to this Agreement that are to be performed by Midwest ISO. GridAmerica shall perform those functions set forth in Schedule 5 to this Agreement that are to be performed by GridAmerica as an ITC, and will also, for a transition period not to extend beyond the earlier to occur of the implementation of standard market design and Midwest ISO's Day Two congestion management systems, perform as contractor to Midwest ISO, certain of the functions to be performed by Midwest ISO, as described on Schedule 5. All functions set forth in Schedule 5 that are to be performed by GridAmerica as contractor to Midwest ISO shall be performed under the supervision of Midwest ISO pursuant to protocols to be agreed between the Parties. Schedule 5 to this Agreement sets forth the "Delineation of Functions" approved by FERC in Alliance Companies, 99 FERC P. 61,105 (2002); TransLink, 99 FERC P. 61,106 (2002). The Parties recognize that, prior to full operations pursuant to the Delineation of Functions in Schedule 5, (i) the development of the GridAmerica systems and assets must be completed and integrated into the Midwest ISO systems and (ii) the Parties must agree on procedures for implementing the Delineation of Functions. Following complete integration of systems, service over the Facilities will be provided under the Midwest ISO OATT.

4.1.3 Each of Midwest ISO and GridAmerica shall promptly notify the other in writing of the satisfaction of all applicable legal requirements, system readiness, and systems integration necessary for GridAmerica and Midwest ISO to assume their respective responsibilities under the Delineation of Functions (each a "Notification of Readiness"). On the first day of the month following the receipt of such Notifications of Readiness, but no sooner

than the fifth day following the date of receipt of the last such Notification of Readiness (the "Control Date"), GridAmerica and Midwest ISO shall assume their respective responsibilities under the Delineation of Functions over the facilities constituting the GridAmerica transmission system ("GridAmerica System"). Midwest ISO will thereafter exercise its delineated functions over the Facilities and the GridAmerica System consistent with its responsibilities under Article Three, Section l.A of the Midwest ISO Agreement. Anything in this Section 4.1.3 or otherwise in this Agreement to the contrary notwithstanding, the occurrence of the Control Date shall be postponed and shall not occur:

(a) unless and until the Commission shall have issued an Approval Order and (unless waived by the Parties) none of the Final Orders comprising the Approval Order is subject to possible rehearing and each Party requiring any Required Consent shall have received the same, or shall have waived the requirement that it shall have received the same, and such Required Consent shall: (i) be in form and substance which would not, in the reasonable judgment of such Party, and when considered in light of the Approval Order and all other Required Consents (A) cause such Party to fail to realize any material benefit which it reasonably anticipates from the transactions contemplated by this Agreement and the ITC Agreements or (B) impose any conditions or requirements which could reasonably be expected to have a material and adverse effect on such Party's or any of its affiliates' current or planned operations or business activities or its or their prospects; and (ii) be in full force and effect.

(b) unless and until the Make-Ready Arrangements shall be in place and shall be reasonably satisfactory in form and substance to each of GridAmerica and Midwest ISO.

(c) unless and until the Parties shall have agreed on procedures for implementing the Delineation of Functions as contemplated by Section 4.1.2 hereof.

(d) unless and until Midwest ISO shall have made (i) a one-time payment equal to the amount of the actual costs (including appropriately allocated internal costs) incurred by National Grid USA (and/or its affiliates) and the GridAmerica Three as may be reasonably necessary or appropriate for GridAmerica to obtain such services and acquire such rights to intellectual property or other assets as are required for GridAmerica to serve as an ITC within Midwest ISO as contemplated by the ITC Agreements and to perform its obligations under the Delineation of Functions, as the same may be amended, modified or otherwise supplemented by mutual agreement of the parties prior to the Control Date and (ii) a one-time payment to reimburse the GridAmerica Three for their actual costs (including appropriately allocated internal costs) incurred in the development of Alliance RTO, such payments to be made as directed by GridAmerica; provided, however, that the aggregate amount required to be paid by Midwest ISO pursuant to this paragraph (d) shall not exceed $36,200,000. All amounts to be paid by Midwest ISO pursuant to this Section 4.1.3(d) shall be supported by documentation submitted to Midwest ISO with GridAmerica's Notification of Readiness.

(e) unless and until Midwest ISO shall have refunded to Ameren, with interest, the $18,000,000 payment made by Ameren to leave Midwest ISO pursuant to the terms of settlement approved in Illinois Power Co., 95 FERC P. 61,183, order on reh'g., 96 FERC P. 61,206 (2001).

(f) if there shall be in effect any Order or Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of the transactions contemplated by this Agreement, the MISO License Agreement or the ITC Agreements.

4.1.4 GridAmerica shall share GridAmerica's procurement plan for obtaining third party services and intellectual property and other assets that are required for GridAmerica to serve as an ITC within Midwest ISO as contemplated by this Agreement and to perform its obligations under the Delineation of Functions. GridAmerica will confer with Midwest ISO prior to entering into any contract with a third party vendor that will result in expenditures of $500,000 or more for which GridAmerica will seek recovery pursuant to Section 4.1.3(d).

4.1.5 On and after the Control Date, Midwest ISO shall have responsibility for the reliability of the GridAmerica System consistent with its responsibilities under the Delineation of Functions and Article Three, Section I.B of and Appendices B and E to the Midwest ISO Agreement. Should the Commission modify the delineation of functions between ITCs and RTOs, the parties agree to negotiate to effectuate the Commission's intent with respect to such modified delineation of functions.

4.1.6 On and after the Control Date, GridAmerica and Midwest ISO will provide transmission service over the Grid America System and in the Ameren, ATSI, and NIPSCO Zones on a nondiscriminatory basis under, and in accordance with, the Delineation of Functions and the Midwest ISO Open Access Transmission Tariff on file with FERC or any successor tariff (the "Midwest ISO OATT"), subject to and in accordance with the provisions and limitations of Sections 3.3, 11 and 13 hereof Midwest ISO shall administer the Midwest ISO OATT.

4.1.7 Following the Control Date, Midwest ISO shall offer within the Ameren, ATSI, and NIPSCO Zones, as part of the Midwest ISO OATT, all such ancillary services as are required by FERC to be offered under the Midwest ISO Tariff. Midwest ISO shall obtain such services from providers in a manner that minimizes cost, consistent with its reliability responsibilities and other obligations under this Agreement. In obtaining such ancillary services, Midwest ISO shall afford no undue preference or disadvantage to any generation supplier. The NDTOs shall maintain those schedules in the Open Access Transmission Tariffs permitting the provision of ancillary services and nothing in this Agreement shall preclude an NDTO from self-supplying any necessary ancillary services. Moreover, nothing in this Agreement shall preclude GridAmerica (consistent with FERC policy and on behalf of the NDTOs) or the NDTOs from participating in any competitive ancillary services markets that may be created within Midwest ISO.

4.1.8 On and after the Control Date, Midwest ISO will perform congestion management functions with respect to the GridAmerica System consistent with its responsibilities under Attachment K of the Midwest ISO OATT or any other FERC approved congestion management plan that may be administered by Midwest ISO from time to time.

4.1.9 Legal and equitable title to the respective properties comprising the GridAmerica System, including all land and land rights, and to all the Facilities or any facilities with GridAmerica may hereafter build or acquire, shall remain with the respective NDTOs or

their affiliates (unless the NDTOs or such affiliates transfer title to another entity) and is not changed by this Agreement. The NDTOs or their affiliates shall retain all rights incident to such legal and equitable title, including, but not limited to, the right, subject to applicable federal or state regulatory approvals and third party rights, to build, acquire, sell, dispose of, use as security or convey any part of such property, or use such property for purposes other than providing transmission services (such as the use of such property for telecommunications purposes), provided that the exercise of any such rights shall not impair the reliability of the Transmission System.

4.2 Reliability Coordination Service.

4.2.1 On and after the Control Date, Midwest ISO will be the Reliability Coordinator for the Ameren, ATSI, and NIPSCO Zones, and shall enter into any such arrangements as are necessary to perform this function. Midwest ISO shall supply the service specified in Schedule 2 to this Agreement ("Reliability Coordination Service") together, in conjunction with, and as a part of, the reliability coordination function performed by Midwest ISO under the Midwest ISO Agreement.

4.2.2. If appropriate, GridAmerica may take actions to preserve the security of the GridAmerica System before requesting assistance from Midwest ISO. GridAmerica shall inform Midwest ISO of any such actions and coordinate such actions with Midwest ISO.

4.2.3 Notwithstanding any other provision of this Agreement, Midwest ISO may intercede and direct appropriate actions in its role as the regional reliability coordinator (the "Reliability Coordinator"). If such Midwest ISO action is disputed by GridAmerica, Midwest ISO's position shall control pending resolution of the dispute.

4.2.4 Without limiting Midwest ISO's general obligation under this Agreement to ensure non-discriminatory service to GridAmerica, Midwest ISO shall take no discriminatory action in carrying out Reliability Coordination Service which would advantage the transmission transactions scheduled on the system(s) of any other Midwest ISO Members, Owners, other ITCs or Users over transactions scheduled on the GridAmerica System.

ARTICLE 5

PREEXISTING OBLIGATIONS

5.1 GridAmerica and Midwest ISO will execute agency agreements in substantially the same form as Appendix G to the Midwest ISO Agreement, for transmission service provided over distribution facilities owned and operated within the Ameren, ATSI, and NIPSCO Zones by the Ameren Operating Companies, the FirstEnergy Operating Companies, or NIPSCO. Notwithstanding any other provision in Appendix G, the agency authorization shall not be construed as authorizing Midwest ISO to enter into any agreement that creates any liability, cost or other obligation to be borne by the owners or by the GridAmerica Three or Grid America that is not expressly set forth in the Midwest ISO OATT.

5.2 Midwest ISO agrees to assume all rights and obligations under the Ameren, ATSI, and NIPSCO OATT agreements entered into prior to the Control Date, including, but not limited

to agreements for network integration service, firm point-to-point transmission service, and generator interconnection service. A list of such agreements is attached as Schedule 3 to this Agreement.

5.3 Midwest ISO will comply with all obligations to provide transmission service incurred by the Ameren Operating Companies, the FirstEnergy Operating Companies, and NIPSCO pursuant to agreements with third parties entered into prior to the effective date of the Ameren, ATSI, and NIPSCO OATTs. Midwest ISO may satisfy these obligations, in whole or in part, through the agreement for network integration service between Midwest ISO and the Ameren Operating Companies, the FirstEnergy Operating Companies, and NIPSCO. A list of such agreements is attached as Schedule 4 to this Agreement. Such agreements shall continue to be performed according to their terms until such time as those agreements may be modified by the Commission; provided, however, that after a transition period of six years from the Control Date, all such loads shall be served directly under the Midwest ISO OATT unless the Commission orders otherwise. The Parties shall commence negotiations to address conversion to the Midwest ISO after the transition period within three years of the Control Date.

5.4 Midwest ISO acknowledges that Ameren, ATSI, and NIPSCO have certain obligations to transmission customers as a result of orders issued by the FERC or other Governmental Authorities. GridAmerica will identify such obligations to Midwest ISO prior to the Control Date. To the extent that GridAmerica is unable to perform such obligations following the Control Date, Midwest ISO will use its best efforts to perform such obligations on GridAmerica's behalf, consistent with the Midwest ISO Agreement and the Midwest ISO Tariff. Nothing in this Section 5.4 shall be construed as relieving Ameren, ATSI, the FirstEnergy Operating Companies or NIPSCO, as the case may be, of these obligations to transmission customers.

5.5 Nothing in this Article 5 requires Midwest ISO to assume obligations for transmission service provided outside of the Ameren, ATSI, and NIPSCO Zones or to perform any act prohibited by law.

ARTICLE 6

SCHEDULING, ATC AND OASIS

6.1 In order to provide for the performance by GridAmerica of its tagging and scheduling functions in accordance with the Delineation of Functions and the integration of those functions with the functions to be performed by Midwest ISO, Midwest ISO shall provide GridAmerica with access to and the right to use its automated scheduling system maintained and hosted by Midwest ISO and having the functionality and performance characteristics described on Schedule 6 under the heading "Scheduling System."

6.2 On or before the Control Date, Midwest ISO shall implement and shall thereafter maintain an Open Access Same-time Information System or Systems ("OASIS") or successor system(s) pursuant to the Midwest ISO OATT. The OASIS shall conform to the requirements for such systems as specified by FERC.

6.3 On and after the Control Date, GridAmerica and Midwest ISO shall review and approve, as appropriate, requests for service and schedule transmission transactions occurring over the GridAmerica System in the manner set forth in the Delineation of Functions. GridAmerica and Midwest ISO shall also determine available transmission capability for the GridAmerica System in the manner set forth in the Delineation of Functions. In order to provide for the performance by GridAmerica of its AFC functions in accordance with the Delineation of Functions and the integration of those functions with the functions to be performed by Midwest ISO, (i) Midwest ISO shall make available to GridAmerica the data and other services described on Schedule 6 under the heading "AFC System - Midwest ISO Obligations" and (ii) GridAmerica shall design, implement, host and maintain an automated AFC system having the functionality and performance characteristics described on Schedule 6 under the heading "AFC System - GridAmerica Obligations." GridAmerica agrees that Midwest ISO shall be a permitted licensee of any third party software or other intellectual property included in the GridAmerica AFC system and any agreements with vendors in respect of any components of the GridAmerica AFC system shall be freely assignable to MISO at no cost (other than ongoing payments under such agreements that would be the obligation of GridAmerica in the absence of any such assignment).

ARTICLE 7

RATINGS AND TRANSMISSION MAINTENANCE

7.1 On and after the Control Date, GridAmerica shall provide to Midwest ISO ratings and operating procedures for the Facilities that make up the GridAmerica System subject to dispute resolution as set forth in Appendix D to the Midwest ISO Agreement if Midwest ISO disagrees. GridAmerica's position shall prevail pending resolution of the dispute.

7.2 On and after the Control Date, GridAmerica may set its own transmission maintenance and outage schedules (subject to dispute resolution pursuant to Section 12 hereof if Midwest ISO objects to such schedules). GridAmerica shall coordinate such transmission maintenance and outage schedules with Midwest ISO as described in the Delineation of Functions. With regard to disputes concerning such schedules, GridAmerica's position shall prevail pending resolution of the dispute, unless Midwest ISO, acting in its role as Reliability Coordinator under Section 4.2 hereof, determines that system security is involved, in which case Midwest ISO's determination shall prevail pending resolution of the dispute. GridAmerica shall maintain the Facilities in accordance with Good Utility Practice. In order to provide for the performance by GridAmerica of its outage scheduling functions in accordance with the Delineation of Functions, Midwest ISO agrees to design and implement those changes to its outage scheduler described on Schedule 6 under the heading "Outage Scheduler".

ARTICLE 8

CONSTRUCTION AND PLANNING; BEST PRACTICES CONSULTANCY

8.1 On and after the Control Date, and until the implementation of planning processes and protocols pursuant to Section 8.2 of this Agreement, GridAmerica shall plan the GridAmerica System in coordination with Midwest ISO consistent with the Delineation of

Functions and the provisions and protocols provided for in Appendix B to the Midwest ISO Agreement. Midwest ISO has the same obligations and responsibilities to GridAmerica that Midwest ISO has to Owners under Appendix B of the Midwest ISO Agreement.

8.2 The Parties agree to develop and implement streamlined coordinated planning processes and protocols which grant GridAmerica, as a fully independent ITC, greater discretion and authority to plan its system to meet customer needs than is currently granted to Owners under Appendix B to the Midwest ISO Agreement. To the extent required by applicable law, any such plan shall be approved by FERC prior to implementation.

8.3 Notwithstanding any other provisions of this Article 8, GridAmerica shall use commercially reasonable efforts to construct transmission facilities as directed by Midwest ISO consistent with the provisions of Article Four,
Section I.C of the Midwest ISO Agreement.

8.4 For a period of one year following the Control Date, GridAmerica will provide a consultancy service to Midwest ISO to assist Midwest ISO in the development of transmission best practices and will provide Midwest ISO with advice on enhancing existing assets, asset management and replacement, lifetime asset rating enhancements, safety matters, latest technology applications, real time monitoring capability and rating, matters relating to maintenance of facilities and outage optimization, both before and during implementation of day ahead and real time markets.

ARTICLE 9

RESPONSIBILITY FOR GENERATOR INTERCONNECTION SERVICE

On and after the Control Date, GridAmerica shall be responsible for generator interconnection service within the Ameren, ATSI, and NIPSCO Zones and shall have the right to establish the terms and conditions thereof, provided that FERC has approved GridAmerica's procedures and form of agreement for such interconnection service. Until FERC approval of such procedures and form of agreement, on and after the Control Date, Midwest ISO's interconnection protocols shall govern GridAmerica's provision of generator interconnection service within the Ameren, ATSI, and NIPSCO Zones, except to the extent provided in Section 5.2. The Parties also recognize that the Commission has issued a Notice of Proposed Rulemaking regarding generator interconnection agreements and procedures in Docket No. RM02-1 and intend that GridAmerica will fully comply with FERC's policy on generator interconnections.

ARTICLE 10

Market and Other Monitoring, Penalties

10.1 On and after the Control Date, Midwest ISO, in accordance with FERC policy and directives, will conduct market monitoring within the Ameren, ATSI, and NIPSCO Zones consistent with the terms of Article 8 of the Midwest ISO Agreement.

10.2 On and after the Control Date, Midwest ISO shall impose and collect penalties within the Ameren, ATSI, and NIPSCO Zones as currently provided in Article 8 of the Midwest ISO Agreement and the Midwest ISO OATT.

ARTICLE 11

RATES AND REVENUE DISTRIBUTION

11.1 In a Section 205 rate case to be filed prior to the operation of GridAmerica within the Midwest ISO, Midwest ISO will support the recovery of lost revenues of each of the GridAmerica Three resulting from the elimination of multiple zonal transmission rate charges and the corresponding revenue allocation consistent with the treatment of other Owners and ITCs. The Parties will immediately commence and participate in a collaborative process with the Owners and other Midwest ISO stakeholders regarding such lost revenues and distribution method necessary to achieve these goals. Nothing herein shall be construed as a waiver of any of the Parties' rights to file with FERC for changes to the Midwest ISO pricing and revenue distribution protocols. GridAmerica reserves the right to proffer as part of such filing, individually or with other companies, the Alliance rate design endorsed by FERC in its April 25, 2002 Order on Petition for Declaratory Order in Docket Nos. EL02-65-000, et al. Nothing in this Agreement will preclude GridAmerica or the NDTOs from participating in or protesting any such FERC filings and proceedings.

11.2 On and after the Control Date, Midwest ISO shall distribute to GridAmerica or the NDTOs (at the election of GridAmerica or the NDTOs) on a monthly basis any amounts due to GridAmerica or the NDTOs which result from the provision of transmission service under the Midwest ISO OATT, consistent with Appendix C to the Midwest ISO Agreement and this Agreement. GridAmerica may take no unilateral action which interferes with or affects the revenue distribution provided for in Appendix C of the Midwest ISO Agreement or which interferes with the collection by Midwest ISO of the revenues due it for services it provides or arranges pursuant to the Midwest ISO OATT, unless such action by GridAmerica has been approved by the FERC. GridAmerica shall have periodic (no more frequently than quarterly) audit rights with respect to revenue distribution and shall be entitled to have any discrepancies resolved within 90 days of the identification of the problem.

11.3 Rate and Tariff Term Dovetailing.

11.3.1 On and after the Control Date, Midwest ISO shall charge the Ameren, ATSI, and NIPSCO Zonal Rates for all applicable transactions under the Midwest ISO OATT. In the development of regional rates, Midwest ISO shall use the Ameren, ATSI, and NIPSCO Zonal Rates as an input to the rate calculations.

11.3.2 Midwest ISO will support the use of the existing Ameren, ATSI, and NIPSCO OATT rates and rate design for use within the Ameren, ATSI, and NIPSCO Zones, respectively, and will permit Ameren, ATSI, and NIPSCO, at their option, to convert their OATT rates for network integration service to a formula rate or a stated rate. Midwest ISO will support the use of Ameren, ATSI, and NIPSCO's rate structure for operations within Midwest ISO to the greatest extent possible.

11.3.3 To facilitate competition in wholesale power markets, Midwest ISO will either discount its total charges in the Midwest ISO OATT for Drive-Out and Drive-Through Service or make a Section 205 application with the FERC to lower the cap on its total charges in the Midwest ISO OATT for Drive-Out and Drive-Through Service. The new cap on its total charges for Drive-Out and Drive-Through Service, whether achieved by discount or application to the FERC, will be formulated to provide flexibility for the Midwest ISO to maximize revenue while minimizing the charges applicable to this service. The GridAmerica and the NDTOs may intervene in and/or protest the Section 205 filing described in this section.

ARTICLE 12

PERFORMANCE MANAGEMENT; DISPUTE RESOLUTION

12.1 Each of GridAmerica and Midwest ISO shall designate a senior executive to serve as performance manager (the "Performance Manager") under this Agreement and who shall have overall responsibility for the quality of performance by such Party of its functions pursuant to the Delineation of Functions. The Performance Managers shall meet at least quarterly to review the respective performance by each Party of its functions under the Delineation of Functions, the compliance or lack of compliance with any of the performance standards setout in Schedule 6 and any other matters relating to the quality of performance by the Parties, and based on such review shall agree on any necessary remedial action and/or methods to improve performance. In order for such quarterly reviews to be successful, GridAmerica and Midwest ISO agree to freely exchange performance data and other information helpful for the evaluation and improvement of performances.

12.2 In order to facilitate the performance by each of GridAmerica and Midwest ISO under this Agreement, (i) each Party shall prepare and implement appropriate disaster recovery plans, (ii) will cooperate in the design and implementation of appropriate testing and trialing protocols, and (iii) Midwest ISO will provide for necessary training on its systems and will provide a customer care capability on a twenty-four hour per day, seven days per week basis.

12.3 Any dispute as to any matter not governed by the terms of the Midwest ISO OATT and arising under or in connection with this Agreement between or among GridAmerica and Midwest ISO, any Owner, or any other Member shall be subject to the same dispute resolution procedures as are set forth in Appendix D to the Midwest ISO Agreement.

ARTICLE 13

PROVISIONS REGARDING COSTS

13.1 In consideration of GridAmerica's performance of (a) its functions as an ITC set forth in the Delineation of Functions, Midwest ISO will compensate GridAmerica in the amount of $9,500,000 per year, (b) its functions performed as a contractor to Midwest ISO set forth in the Delineation of Functions, Midwest ISO will compensate GridAmerica in the amount of $1,000,000 per year for each year or part thereof during which GridAmerica performs such functions as set forth in Section 4.1.2 hereof and (c) the consultancy services to be provided pursuant to Section 8.4 for the one year period following the Control Date, and the resulting cost

savings to Midwest ISO, Midwest ISO will compensate GridAmerica in the amount of $1,500,000 per year. For each twelve month period following the Control Date, Midwest ISO will pay GridAmerica one-twelfth of the aggregate amount of compensation payable to GridAmerica for such twelve month period on the 15th day of each month during such twelve month period, which amount shall be subject to adjustment as follows:

13.1.1 GridAmerica's annual compensation shall be adjusted to reflect changes in the CPI Index as follows:

(a) No adjustment shall be made unless on any anniversary of the Control Date, the CPI Index on such anniversary is at least 103% of the CPI Index on the Control Date.

(b) On the anniversary of the Control Date on which the CPI Index is at least 103% of the CPI Index on the Control Date, GridAmerica's annual compensation shall be adjusted by multiplying the amount of GridAmerica's compensation in the immediately preceding year by the sum of one plus the percentage increase in the CPI Index on such anniversary over the CPI Index on the Control Date.

(c) Thereafter, GridAmerica's annual compensation shall be adjusted on each subsequent anniversary of the Control Date by multiplying the amount of GridAmerica's compensation in the immediately preceding year by the sum of one plus the percentage increase in the CPI Index on such anniversary date over the CPI Index on the first day of such preceding year.

13.1.2 GridAmerica will implement any necessary modifications to its operations to support Midwest ISO's locational marginal pricing and other aspects of standard market design on aunified, region-wide market basis. If as a result of the foregoing, there is a material change in the functions performed by GridAmerica, and as a result, either GridAmerica believes that its compensation should be increased or Midwest ISO believes that its compensation should be decreased as a result of changes in such functions, either Party, by written notice to the other may request that the amount of GridAmerica's annual compensation be the subject of good faith negotiations; provided, however, that if the Parties are not able to agree, either Party shall have the right to commence an appropriate proceeding before the FERC to establish whether GridAmerica's compensation should be changed the amount of any appropriate change.

13.1.3 In performing functions as contractor to Midwest ISO, GridAmerica will, to the degree practicable, locate personnel in Midwest ISO's Carmel, Indiana, facility at no additional cost to Midwest ISO.

13.2 Midwest ISO will make no special assessment or other allocation to GridAmerica or other Midwest ISO Owners or ITCs of capital costs associated with the development and implementation of a standard market design. In the event that a standard market design is required by the FERC or otherwise proposed by Midwest ISO, Midwest ISO will present its proposal to recover the costs of development and implementing the standard market design to its stakeholders. The recovery mechanism proposed by Midwest ISO, including any Section 205 application to the FERC, must provide for recovery of standard market design costs from all

market participants through a user based mechanism consistent with Midwest ISO Schedule 10. GridAmerica and the NDTOs may intervene in or protest any such filing or FERC proceeding.

13.3 Midwest ISO will make no special assessment or other allocation to GridAmerica or other Midwest ISO Owners or ITCs of capitalized costs associated with the integration of the Southwest Power Pool, its transmission owners or members into Midwest ISO. Midwest ISO will recover such costs under Midwest ISO Schedule 10.

ARTICLE 14

INCLUSION OF ADDITIONAL FACILITIES BY GRIDAMERICA

In the event that GridAmerica acquires or otherwise operates transmission facilities not identified in Schedule 1 to this Agreement, such facilities shall not be deemed "Facilities" or become part of the "GridAmerica System" unless GridAmerica so chooses to designate or assign such facilities, such designation or assignment may occur on a case-by-case basis or on a continuous basis at GridAmerica's option. In no event, however, shall any such facilities be deemed to be "Facilities" or become part of the "GridAmerica System" unless they are located in or electrically interconnected to Midwest ISO systems.

ARTICLE 15

CHANGES OR AMENDMENTS TO THIS AGREEMENT

This Agreement may not be amended or changed without the written agreement of the Parties and acceptance by FERC, as required.

ARTICLE 16

GENERAL RESPONSIBILITIES

16.1 On and after the Control Date, Midwest ISO shall have with respect to its relationship with GridAmerica, and performance of RTO Services contemplated by this Agreement, all those responsibilities to GridAmerica, which Midwest ISO has to other ITC within Midwest ISO, as well as all other obligations of Midwest ISO set forth in Article Three, Sections III and IV of the Midwest ISO Agreement.

16.2 Midwest ISO and its directors, officers, employees, contractors and agents shall, at all times, adhere to the Standards of Conduct set forth in Appendix A to the Midwest ISO Agreement.

16.3 GridAmerica will be subject to Article Four, Section II of the Midwest ISO Agreement in the same manner as an Owner.

16.4 On and after the Control Date, GridAmerica shall be subject to Midwest ISO's Enforcement Authority in the same manner as an Owner under Article Three,
Section V of the Midwest ISO Agreement.

16.5 On and after the Control Date, Midwest ISO shall maintain on its website a listing of all members of GridAmerica holding "Class A Units" and the number of "Class A Units" held by such member. GridAmerica shall promptly notify Midwest ISO of any issuance of "Class A Units" and any conversion of "Class B Units" into "Class A Units."

ARTICLE 17

ASSUMPTION OF LIABILITY

17.1 Midwest ISO shall assume liability for any injury or damage to persons or property arising from Midwest ISO's own acts or neglect, including the acts or neglect of its Representatives and contractors, and shall release, indemnify and hold harmless GridAmerica from and against all damages, losses, claims, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or to third parties, arising from Midwest ISO's gross negligence or willful misconduct in the performance of its duties under this Agreement, except in cases where, and only to the extent that, the gross negligence or willful misconduct of GridAmerica or its Representatives or contractors contributes to the claimed injury or damage.

17.2 GridAmerica shall assume liability for any injury or damage to persons or property arising from its own acts or neglect, including the acts or negligence of its Representatives or contractors, and shall indemnify and hold harmless Midwest ISO from any damages, losses, claims, demands, suits, recoveries, costs and expenses, court costs, attorney fees, and all other obligations by or of third parties, arising from GridAmerica's gross negligence or willful misconduct in performing its duties under this Agreement, except in cases where, and only to the extent that, the gross negligence or willful misconduct of Midwest ISO or its Representatives or contractors contributes to the claimed injury or damage. For purposes of Article Two, Section VIII(C) of the Midwest ISO Agreement, GridAmerica and the NDTOs shall be treated as Owners. Nothing in this Agreement shall preclude GridAmerica from seeking indemnification or recovery from its NDTOs.

17.3 GridAmerica shall not be liable to Midwest ISO for any action taken at the direction of Midwest ISO, except in cases of the failure to comport with good business practice or gross negligence or willful misconduct of GridAmerica.

17.4 If a Party (or its Representative(s) or contractor(s)) entitled to indemnification or assumption of liability by the other Party under this Agreement (an "Indemnitee") receives written notice of the assertion of any claim or of the commencement of any claim, action, or proceeding made or brought by any person or entity who is not a Party to this Agreement or any affiliate of a Party to this Agreement (a "Third Party Claim") with respect to which indemnification or assumption of liability is to be sought from the other Party (an "Indemnifying Party"), the Indemnitee will give such Indemnifying Party reasonably prompt written notice thereof, but in any event not later than thirty (30) days after the Indemnitee's receipt of written notice of such Third Party Claim. Such notice shall describe the nature of the Third Party Claim in reasonable detail. The Indemnifying Party will have the right to participate in or, by giving written notice to the Indemnitee, to elect to assume the defense of, any Third Party Claim at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel, and the

Indemnitee will cooperate in good faith and may participate in such defense at such Indemnitee's own expense.

17.5 If within ten (10) calendar days after an Indemnitee provides written notice to the Indemnifying Party of any Third Party Claim, the Indemnitee receives written notice from the Indemnifying Party that such Indemnifying Party has elected to assume the defense of such Third Party Claim as provided in the last sentence of Section 17.4, the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, however, that the Indemnitee may assume its own defense by giving written notice to the Indemnifying Party, and the Indemnifying Party will be liable for all reasonable expenses thereof, (i) if the Indemnitee at any time reasonably determines that there may be a conflict between the positions of the Indemnifying Party and of the Indemnitee in conducting the defense of any Third Party Claim, or that there may be legal defenses available to any Indemnitee different from or in addition to those available to the Indemnifying Party; or (ii) if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third Party Claim within twenty (20) calendar days (unless waiting twenty (20) calendar days would prejudice the Indemnitee's rights) after receiving notice from the Indemnitee that the Indemnitee believes the Indemnifying Party has failed to take such steps. If, within ten (10) calendar days after an Indemnitee has provided written notice to the Indemnifying Party of any Third Party Claim, the Indemnifying Party has not given written notice to the Indemnitee that such Indemnifying Party has elected to assume the defense of such Third Party Claim, the Indemnifying Party shall be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof. Without the prior written consent of the Indemnitee, the Indemnifying Party will not enter into any settlement of any Third Party Claim. If the Indemnifying Party desires to enter into a settlement of any Third Party Claim, and such settlement would neither (i) lead to liability or create any financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification or assumption of liability by the other Party hereunder, or (ii) reasonably be construed as an admission of culpability or liability by the Indemnitee or expected to create an adverse precedent which could undermine the Indemnitee's defense of or position with respect to any future claims by third parties; then, in such event, the Indemnifying Party will give written notice to the Indemnitee to that effect. If the Indemnitee fails to consent to such settlement within ten
(10) business days after its receipt of such notice, the Indemnitee may assume or continue the defense of such Third Party Claim and, in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim will be the amount of such settlement offer, plus reasonable costs and expenses paid or incurred by the Indemnitee up to the date of such notice. Notwithstanding the foregoing, the Indemnitee shall have the right to pay, compromise, or settle any Third Party Claim at any time, provided that in such event the Indemnitee shall waive any right to indemnify or assumption of liability hereunder unless the Indemnitee shall have first sought the consent of the Indemnifying Party in writing to such payment, settlement, or compromise and such consent was either obtained or was unreasonably withheld or delayed, in which event no claim for indemnification or assumption of liability with respect thereto shall be waived.

17.6 Any claim by an Indemnitee under this Article 17 which does not result from a Third Party Claim (a "Direct Claim") will be asserted by giving the Indemnifying Party reasonably prompt written notice thereof, stating the nature of such claim in reasonable detail and indicating the estimated amount, if practicable (provided that such estimate shall in no event

limit the amount which the Indemnitee is entitled to recover under this Article 17, but in any event not later than thirty (30) calendar days after the Indemnitee becomes aware of such Direct Claim, and the Indemnifying Party will have a period of thirty (30) calendar days within which to respond to such Direct Claim. If the Indemnifying Party does not respond within such thirty (30) calendar day period, the Indemnifying Party will be deemed to have accepted such Direct Claim. If the Indemnifying Party rejects such Direct Claim, the Indemnitee may seek enforcement of its rights under this Agreement.

17.7 If the amount of any loss or damages recoverable under this Article 17, at any time subsequent to the making of a payment in respect thereof, is reduced by recovery, settlement, or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement, or payment by or against any other entity, the amount of such reduction, less any costs, expenses, or premiums incurred in connection therewith (together with interest thereon from the date of payment thereof at the prime rate as published in The Wall Street Journal) will promptly be repaid by the Indemnitee to the Indemnifying Party. Upon making any indemnity payment, the Indemnifying Party will, to the extent of such indemnity payment, be subrogated to all rights of the Indemnitee against any third party in respect of the claim to which the payment relates; provided, however, that until the Indemnitee recovers full payment of its loss or damages, any and all claims of the Indemnifying Party against any such third party on account of said payment are hereby made expressly subordinated and subjected in right of payment to the Indemnitee's rights against such third party. Without limiting the generality or effect of any other provision hereof, each such Indemnitee and Indemnifying Party will duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights.

17.8 A failure to give timely notice as provided in this Article 17 will not affect the rights or obligations of any Party hereunder except if, and only to the extent that, as a result of such failure, the Party which was entitled to receive such notice was actually prejudiced as a result of such failure.

ARTICLE 18

CONFIDENTIALITY

18.1 Each Party acknowledges the importance to the other Party of preserving the confidentiality of the Confidential Information and that a Disclosing Party will comply with this Article 18 in furnishing Confidential Information to a Recipient in connection with the matters contemplated by this Agreement.

18.2 The Recipient shall treat all Confidential Information as the proprietary, sensitive and strictly confidential information of a Disclosing Party, and shall not reveal, divulge or disclose any Confidential Information, at any time or for any reason, to any person or entity, except to the Representatives of such Recipient who have a need to know such Confidential Information for the purposes authorized in this Agreement; provided that such Representatives have been advised and instructed by such Recipient that the Confidential Information is and is to be treated as strictly confidential in accordance with this Agreement. The Recipient shall safeguard the Confidential Information at least to the same extent that it would its own

proprietary, sensitive, and confidential information. The Recipient will instruct all of its Representatives to maintain the confidentiality of all Confidential Information and will be responsible for any breach of any obligation set forth in this Article 18 that is caused by any of them.

18.3 Notwithstanding the foregoing provisions of Section 18.2, the Recipient may disclose Confidential Information to the extent but only to the extent (a) expressly approved by the Disclosing Party in writing or (b) required by law, a court, or a governmental authority (each, an "Authority"), but only if
(i) the Recipient attempts to notify the Disclosing Party as far in advance as practicable prior to making disclosure of its intent to disclose Confidential Information and of the content and mode of communication of the disclosure, and
(ii) the Recipient cooperates with the Disclosing Party's efforts to obtain a protective order protecting the Confidential Information from disclosure. In addition, if disclosure is required by an Authority, the Recipient to the extent practicable, will (a) promptly notify the Disclosing Party of the circumstances surrounding the requirement, (b) consult with the Disclosing Party on the advisability of taking legally available steps to resist or narrow the request or requirement, and (c) disclose such Confidential Information only after using all reasonable efforts to comply with clauses (a) and (b) and after cooperating with the Disclosing Party's reasonable efforts to obtain a protective order or other reliable assurance that confidential treatment will be accorded to any portion of the Confidential Information designated for such treatment by the Disclosing Party. If such protective order or other assurance is not obtained, the Recipient will furnish only that portion of the Confidential Information that is required, and will seek, to the extent reasonable under the circumstances, to obtain assurances that confidential treatment will be accorded to the Confidential Information by the party(ies) to whom the Recipient is required to disclose. Anything in this Agreement to the contrary notwithstanding, a Recipient may disclose Confidential Information to FERC; provided such disclosure relates to FERC's evaluation or consideration of matters contemplated by this Agreement and provided that the Recipient seeks to the maximum extent permitted by law and by FERC's regulations to compel FERC to keep the information confidential.

18.4 All Confidential Information delivered by a Disclosing Party to a Recipient pursuant to this Agreement shall be and remain the property of the Disclosing Party, and such Confidential Information shall be promptly returned to the Disclosing Party upon request or the termination of this Agreement. Promptly after performing its obligations under the preceding sentence, the Recipient will, upon request, furnish the Disclosing Party with a certificate executed by an officer, certifying such return. That portion of the Confidential Information that may be found in analyses, compilations, studies or other documents prepared by or for a Recipient and all Confidential Information that is oral will be kept by the Recipient subject to the terms of this Agreement or destroyed. Neither the Recipient nor any of its Representatives shall use the Confidential Information for any purpose whatsoever except to consider, evaluate or effectuate matters or services contemplated by this Agreement.

18.5 The obligations of the Parties under this Article 18 shall survive the termination of this Agreement and shall remain binding for a period of two (2) years thereafter; provided, however, that a Recipient's obligations under
Section 18.2 with respect to any trade secrets or other proprietary information that are clearly and conspicuously identified as such by the Disclosing Party at the time of disclosure and under the third sentence of Section 18.4 shall

continue, without limitation, and nothing in this Section 18.5 shall limit or be construed to limit the term of protection of any laws otherwise protecting such Confidential Information under intellectual property laws.

18.6 Although each of the Parties hereby agrees to use reasonable efforts to include in Confidential Information furnished to the other Party data and information believed by it to be relevant to the discussions, consideration and effectuation, if any, of any actions or matters contemplated by this Agreement, each Party hereby disclaims and does not make hereby any express or implied representation or warranty concerning the accuracy or completeness of any Confidential Information, and no Disclosing Party shall have liability to a Recipient for Recipient's use of any Confidential Information of the Disclosing Party. In addition, determination of the amount of Confidential Information to be disclosed resides solely with the Disclosing Party and disclosure of information of any nature shall not obligate the Disclosing Party to disclose any further Confidential Information.

18.7 No license to a Party, under any trademark, patent, copyright or other intellectual property right is either granted or implied by the conveying of Confidential Information to such Party. None of the Confidential Information which may be disclosed or exchanged by the Parties shall constitute any representation, warranty, assurance, guarantee or inducement by any Party to the other Parties of any kind, and, in particular, with respect to the non-infringement of trademarks, patents, copyrights, or any other intellectual property rights, or other rights of third persons.

18.8 Midwest ISO shall not use or display any logo, tradename, trademark, service mark or other intellectual property of GridAmerica or the GridAmerica Three without the prior written consent of GridAmerica to such use or display. Any use or display by Midwest ISO of any logo, tradename, trademark, service mark or other intellectual property of GridAmerica shall be deemed to be pursuant to a non-exclusive, non-transferable, non-assignable license to use such item solely as consented to by GridAmerica, which license will terminate upon any termination of this Agreement, and shall in no way be construed to mean that Midwest ISO has acquired any ownership interest therein. Other issues related to intellectual property will be addressed in certain of the agreements described in the Participation Agreement dated July 3, 2002.

ARTICLE 19

REPRESENTATIONS, WARRANTIES AND COVENANTS

19.1 In order to induce Midwest ISO to enter into this Agreement, GridAmerica hereby represents and warrants that the statements contained in this
Section 19.1 are true and correct.

(a) GridAmerica is a Delaware limited liability company, duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to own, lease, use and operate its properties and to conduct its business as and where owned, leased, used, operated and conducted.

(b) Subject to the receipt by GridAmerica and the GridAmerica Three of any Required Consents, GridAmerica has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of GridAmerica. This Agreement has been duly executed and delivered by GridAmerica and, subject to the receipt by GridAmerica and its affiliates of any Required Consents required by it or any of them, constitutes the legal, valid and binding obligation of GridAmerica, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

(c) Neither the execution and delivery of this Agreement by GridAmerica nor the consummation of the transactions contemplated hereby:

(1) will violate, conflict with, or result in a breach of any provision of its certificate of organization or it limited liability company agreement; or

(2) will violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, require any consent under, or entitle any person (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of GridAmerica, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which GridAmerica is a party, the effect of which will have or is reasonably likely to have, a material adverse effect on the business, properties, condition (financial or otherwise) or results of operations of GridAmerica.

(d) Subject to the receipt by GridAmerica or any of the GridAmerica Three of any Required Consents, all authorizations of and exemptions, actions or approvals by, and all notices to or filings with, any federal Governmental Authority that are required to have been obtained or made by GridAmerica or any of the GridAmerica Three, as the case may be, in connection with the execution and delivery of this Agreement have been obtained or made and are in full force and effect, and all conditions of any such authorizations, exemptions, actions or approvals have been complied with.

19.2 No later than 40 days after the Commission issues one or more Final Orders, GridAmerica shall notify Midwest ISO in writing whether or not such Final Orders constitute an Approval Order.

19.3 In order to induce GridAmerica to enter into this Agreement, Midwest ISO hereby represents and warrants that the statements contained in this Section 19.3 are true and correct.

(a) Midwest ISO is a Delaware non-stock corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, with full power and authority to own, lease, use and operate its properties and to conduct its business as and where owned, leased, used, operated and conducted.

(b) Midwest ISO has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of Midwest ISO. This Agreement has been duly executed and delivered by Midwest ISO and, subject to the receipt by Midwest ISO of any Required Consents required by it, constitutes the legal, valid and binding obligation of Midwest ISO, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

(c) Neither the execution and delivery of this Agreement by Midwest ISO nor the consummation of the transactions contemplated hereby:

(1) will violate, conflict with, or result in a breach of any provision of its articles of incorporation; or

(2) will violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, require any consent under, or entitle any person (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of Midwest ISO, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which Midwest ISO is a party, the effect of which will have or is reasonably likely to have, a material adverse effect on the business, properties, condition (financial or otherwise) or results of operations of Midwest ISO.

(d) All authorizations of and exemptions, actions or approvals by, and all notices to or filings with, any federal Governmental Authority that are required to have been obtained or made by Midwest ISO in connection with the execution and delivery of this Agreement have been obtained or made and are in full force and effect, and all conditions of any such authorizations, exemptions, actions or approvals have been complied with.

19.4 No later than 40 days after the Commission issues one or more Final Orders, Midwest ISO shall notify GridAmerica in writing whether or not such Final Orders constitute an Approval Order.

19.5 During the term of this Agreement and for a period of 12 months after the termination hereof, each Party agrees, that without the prior written consent of the other Party, it

will not solicit for employment any employees of such other Party; provided however, that this limitation shall not prevent solicitations addressed to the public generally or preclude a Party from considering for employment employees of the other Party who initiated contact with such Party or who responded to any such general solicitation.

ARTICLE 20

MISCELLANEOUS

20.1 The obligations of the Parties shall be binding on and inure to the benefit of their respective heirs, successors, assigns, and affiliates.

20.2 This Agreement constitutes the Parties' entire agreement concerning the subject matter hereof and may be amended or modified only by a subsequent agreement in writing. A waiver, discharge, amendment, modification, or termination of this Agreement or any provision hereof, shall be valid and effective only if in writing and executed by both Parties. A written waiver of a right, remedy or obligation under a provision of this Agreement will not constitute a waiver of the provision itself, a waiver of any succeeding right, remedy or obligation under the provision, or a waiver of any other right, remedy, or obligation under this Agreement. Any delay or failure by a Party in enforcing any obligation or in exercising any right or remedy shall not operate as a waiver of it or affect that Party's right later to enforce the obligation or exercise the right or remedy, and a single or partial exercise of a right of remedy by a Party does not preclude any further exercise of it or the exercise of any other right or remedy of that Party.

20.3 If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable in any respect or with respect, such provision in all other respects and the remaining provisions of this Agreement, shall nevertheless continue in full force and effect without being impaired or invalidated and shall be enforced to the full extent permitted by law.

20.4 This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

20.5 Every notice, consent or approval required or permitted under this Agreement shall be valid only if in writing, delivered personally or by mail, confirmed telefacsimile. or commercial courier, and sent by the sender to each other Party at its address or number below, or to such other address or number as each Party may designate by notice to the other Party. A validly given notice, consent or approval will the effective when received if delivered personally or by telefacsimile, or commercial courier, or certified mail with return receipt requested, postage prepaid.

If to GridAmerica, to:

Nick Winser
Senior Vice President
National Grid USA
25 Research Drive
Westborough, MA 01582
(508) 389-2855

If to Midwest ISO, to:

Midwest Independent transmission System Operator, Inc.
701 City Center Drive
Carmel, IN 46032
Attention: James P. Torgerson, President and CEO
Fax No.: (317) 249-5945

20.6 This Agreement shall be construed and enforced according to the laws of the State of New York (other than the choice of law provisions thereof), except to the extent preempted by the federal law of the United States of America.

20.7 As used in this Agreement, the words "herein," "hereof and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular article, section, paragraph, or other subdivision. Unless the context of this Agreement otherwise requires, (a) words of any gender will be deemed to include each other gender; (b) words using the singular or plural number will also include the plural or singular number, respectively; (c) the terms or "Section" or "subparagraph" will refer to the specified Section or subparagraph of this Agreement; (d) the term "or" will mean "and/or"; and. (e) the headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect its construction.

20.8 If a Recipient breaches or threatens to breach any of its obligations contained in Article 18 of this Agreement, the Disclosing Party of the pertinent Confidential Information will be deemed to be irreparably harmed and entitled to seek the issuance of a temporary restraining order or preliminary injunction enforcing this Agreement, and to judgment for damages caused by breach, and to any other remedies provided by applicable law. The non-breaching Party shall also be entitled to recover its attorneys' fees and costs incurred as a result of such breach.

20.9 Neither Party may assign its rights or obligations under this Agreement without the prior written consent of the other Party, which consent shall not be unreasonably withheld, except that (i) GridAmerica may assign its rights and obligations hereunder without such consent to any successor entity by reason of a merger, consolidation, reorganization. sale of assets, spin-off, foreclosure or other transaction, as a result of which substantially all of the Facilities are acquired by such successor; and (ii) Midwest ISO may assigns its rights and obligations hereunder without such consent to any successor entity by reason of a merger, consolidation, reorganization, sale of assets, spin-off, foreclosure or other transaction, as a result of which substantially all of the assets of Midwest ISO are acquired by such successor.

20.10 The Parties hereto acknowledge and agree that in the performance of their respective duties and obligations hereunder they are acting as independent contractors of each other, and neither Party shall represent that an employer/employee, partnership, joint venture, or agency relationship exists between them or between GridAmerica any Owner or other Member, nor shall either Party have the power nor will either Party represent that it has the power to bind the other Party hereto to any contract or agreement.

20.11 Upon the reasonable request of the other Party, each Party hereto agrees to take any and all such actions as are necessary or appropriate to give effect to the terms set forth in this Agreement and are not inconsistent with the terms hereof.

20.12 This Agreement shall not be construed, interpreted, or applied in such a manner as to cause GridAmerica to be in material breach, anticipatory or otherwise, of any agreement (in effect on the Effective Date) between GridAmerica and one or more third parties for the joint ownership, operation, sharing (including costs, responsibilities and/or revenues) or maintenance of any electrical facilities covered by this Agreement. GridAmerica shall discuss with Midwest ISO any material conflict between any such third-party joint agreement and this Agreement raised by a third party to such joint agreement, but the resolution of such a conflict shall be and remain within the sole discretion of GridAmerica; provided, however, that GridAmerica shall, if otherwise unresolved, utilize available remedies and dispute resolution procedures to resolve such conflict, including, but not limited to, submitting such conflict to FERC for resolution; provided, further, that in no event shall GridAmerica enter into a resolution of such conflict which would impair the reliability of the Transmission System.

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

MIDWEST INDEPENDENT TRANSMISSION SYSTEM OPERATOR, INC.

By: *\s\ James P. Torgerson*

Name: *James P. Torgerson*
Title: *President and CEO*

GRIDAMERICA LLC

By: *\s\ Nicholas P. Winser*
Name: *Nicholas P. Winser*
Title: *Chief Executive Officer*

EXECUTION COPY

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

OF

GRIDAMERICA LLC

A Delaware Limited Liability Company

Dated: February 14, 2003

TABLE OF CONTENTS

AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

OF

GRIDAMERICA LLC

A Delaware Limited Liability Company

This AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT of GRIDAMERICA LLC (the "Company") is made and entered into as of the 14th day of February 2003, by GridAmerica Holdings Inc. as the initial member of the Company (the "Initial Member").

WITNESSETH:

WHEREAS, The United States Federal Energy Regulatory Commission (together with any successor agency, the "Commission") in Order No. 2000 called for the formation of regional transmission organizations to promote the creation of large electricity markets and to provide reliable, cost-efficient services to customers;

WHEREAS, on April 25, 2002, the Commission issued an order in Docket No. EL02-65 (99 FERC P. 61,105 (2002)) encouraging the formation of an independent transmission company ("ITC") within the Midwest Independent Transmission System Operator, Inc. (the "Midwest ISO"), a Commission approved regional transmission organization;

WHEREAS, the Midwest ISO has an open architecture that accommodates various forms of ITC in its operation;

WHEREAS, the GridAmerica Companies (as hereinafter defined) wish to comply with Order No. 2000 through the formation of an ITC within the Midwest ISO;

WHEREAS, on October 31, 2002, (i) the GridAmerica Companies, National Grid USA ("NGUSA"), the Initial Member and the predecessor to the Company, GridAmerica Holdings LLC, entered into a Master Agreement dated as of October 31, 2002 (the "Original Master Agreement"), (ii) the predecessor to the Initial Member, GridAmerica Holdings LLC, entered into the Limited Liability Company Agreement of the Company dated as of October 31, 2002 (the "Original LLC Agreement"), (iii) the Company and the Original GridAmerica Companies, or their applicable affiliates, entered into the Operation Agreement dated as of October 31, 2002 (the "Original Operation Agreement") and (iv) the Company and the Midwest ISO entered into the Appendix I ITC Agreement dated as of October 31, 2002 (the "Original MISO ITC Agreement");

WHEREAS, on December 19, 2002, the Commission issued an order in Docket Nos. ER02-2233-001 and EC03-14-000 (101 FERC P. 61,320 (2002)) (the "FERC Approving Order") accepting for filing, suspending and making effective subject to future refund, future filings and further orders the Original Master Agreement, the Original LLC Agreement, the Original Operation Agreement and the Original MISO ITC Agreement;

WHEREAS, NGUSA has been found by the Commission not to be a Market Participant (as hereinafter defined) with respect to the GridAmerica Transmission Facilities (as herein defined);

WHEREAS, NGUSA desires, through one or more Affiliates, including the Initial Member, to make an investment in the Company, and desires that the Initial Member serve as the initial Managing Member (as hereinafter defined) of the Company;

WHEREAS, the Company will serve as an ITC under the Midwest ISO;

WHEREAS, the Initial Member has caused the Company to be organized as a Delaware limited liability company by the filing of a Certificate of Formation (the "Certificate") under and pursuant to the Delaware Limited Liability Company Act (as in effect from time to time, the "Act"); and

WHEREAS, the Initial Member now desires to enter into this Agreement, as it has agreed to modify the terms of the Original LLC Agreement in compliance with the FERC Approving Order, to govern the affairs of the Company and the conduct of the business of the Company.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the Initial Member agrees to amend and restate the Original LLC Agreement in its entirety as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Definitions. The following terms shall have the respective meanings set forth below when used in this Agreement (and grammatical variations of such terms shall have correlative meanings), unless otherwise expressly specified herein to the contrary:

"AAA" shall have the meaning given in Section 10.2(a).

"Act" shall have the meaning given in the recitals hereof.

"Additional Arbitration Request" shall have the meaning given in Section 10.2(i).

"Additional Claim" shall have the meaning given in Section 10.2(i).

"Additional Term" shall have the meaning given in Section 6.1(c).

"Adjusted Capital Account" shall mean the Capital Account maintained for each Member (i) increased by any amounts that such Member is obligated to restore or is treated as obligated to restore under Treasury Regulation Sections 1.704-1(b)(2)(ii)(c), 1.704-2(g)(1) and 1.704-2(i)(5) and (ii) decreased by any amounts described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), (5) and (6) with respect to such Member.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such Person. As used in this definition, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise); provided, however, that, in any event, any Person that owns directly or indirectly securities having at least a majority of the voting power for the election of directors or other members of the governing body of a corporation or at least a majority of the partnership or other ownership interests (that carry voting power) of any other Person will be deemed to Control such corporation or other Person.

"Affiliated Investor" shall mean (i) NGUSA or any NGUSA Affiliate and (ii) any Person in which NGUSA or any NGUSA Affiliate directly or indirectly owns at least a majority of the total equity value of such Person.

"Agreement" shall mean this Amended and Restated Limited Liability Company Agreement of GridAmerica LLC dated as of February 14, 2003, as it may be amended, modified or otherwise supplemented and in effect from time to time.

"Arbitration" shall have the meaning given in Section 10.2.

"Arbitration Notice" shall have the meaning given in Section 10.2(b).

"Arbitration Rules" shall have the meaning given in Section 10.2(a).

"Available Cash" shall mean, as of any date of determination, the sum, determined in accordance with GAAP, of all cash and cash equivalents of the Company on such date, other than cash held by the Company for or that is otherwise payable to a third party (including cash held for an NDTO pursuant to the Operation Agreement), less the sum of (i) any amounts that the Company is prohibited from distributing on such date by (A) the Act, (B) other applicable Laws or (C) contracts and agreements to which the Company is a party, (ii) such reserves as the Managing Member reasonably determines are required for operating and other costs and expenses incurred or to be incurred in providing services under the MISO ITC Agreement, (iii) such reserves as the Managing Member reasonably determines are required for Capital Expenditures, (iv) such reserves as the Managing Member reasonably determines are required for Company expenses (including Managing Member compensation) and in respect of Debt of the Company in each case, then due and payable or, at the time in question, anticipated to become due and payable within a reasonable time thereafter and (v) such other reserves as the Managing Member reasonably determines are required for the management and operation of the Company.

"Available Undersubscription Amount" shall have the meaning given in Section 3.1(d)(ii).

"Basic Amount" shall have the meaning given in Section 3.1(d)(i).

"Book Value" shall mean, with respect to any property of the Company, such property's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Book Value reflected in books and records of the Company of any property contributed by a Member to the Company shall be the fair market value of such property;

(ii) The Book Values of all properties shall be adjusted to equal their respective fair market values in connection with (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution to the Company, (B) the distribution by the Company to a Member of more than a de minimis amount of property as consideration for an interest in the Company or (C) the liquidation of the Company within the meaning of Treasury Regulation
Section 1.704-1(b)(2)(ii)(g)(1) (other than pursuant to Code Section
708(b)(1)(B)); provided, however, that adjustments pursuant to clauses (A) and (B) above shall be made only if the Managing Member reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company.

(iii) The Book Value of property distributed to a Member shall be adjusted to equal the fair market value of such property on the date of distribution; and

(iv) The Book Value of all property shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such property pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m) and clause
(vi) of the definition of Profits and Losses; provided, however, that Book Value shall not be adjusted pursuant to clause this (iv) to the extent the Managing Member reasonably determines that an adjustment pursuant to clause
(ii) hereof is necessary or appropriate in connection with the transaction that would otherwise result in an adjustment pursuant to this clause (iv).

If the Book Value of property has been determined or adjusted pursuant to clauses (i), (ii) or (iv) hereof, such Book Value shall thereafter be adjusted by the Depreciation taken into account with respect to such property for purposes of computing Profits and Losses and other items allocated pursuant to Article 5. The foregoing definition of Book Value is intended to comply with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv) and shall be interpreted and applied consistently therewith.

"Capital Account" shall mean the Capital Account established and maintained for a Member pursuant to Section 4.7.

"Capital Contribution" shall mean, with respect to any Member, any money, other property or assets contributed to the Company by or on behalf of such Member in exchange for Units.

"Capital Expenditures" shall mean any expenditures for fixed or capital assets that would be classified, in accordance with GAAP, as a capital expenditure.

"Cash Option" shall have the meaning given in Section 4.2(a)(iii).

"Cause" shall mean (i) the Gross Negligence of the Managing Member that causes, or is reasonably likely in the future to cause, a Material Adverse Effect, (ii) the Willful Misconduct of the Managing Member that causes, or is reasonably likely in the future to cause, a Material Adverse Effect or (iii) in the case of the Initial Member as Managing Member (A) the occurrence of two Counted Years during any five calendar year period or (B) the failure by NGUSA to comply in any material respect with any of its obligations set forth in Article III or Section 10.1 of the Master Agreement.

"Certificate" shall have the meaning given in the recitals hereof.

"Claimant Party" shall have the meaning given in Section 10.2(b).

"Claims" shall have the meaning given in Section 10.2(a).

"Class A Units" shall have the meaning given in Section 3.2(a).

"Class A Percentage Interest" shall mean, as at any time of determination and with respect to any Member, the product of (i) the number of Class A Units held by such Member divided by the total number of outstanding Class A Units multiplied by (ii) one hundred percent (100%).

"Class B Units" shall have the meaning given in Section 3.2(a).

"Code" shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

"Commission" shall have the meaning given in the recitals hereof.

"Company" shall have the meaning given in the preamble hereof.

"Company Item" shall have the meaning given in Section 8.4(b).

"Counted Year" shall mean (i) any calendar year in which the Managing Member would have had liability under Section 11.8(e)(i) but for the application of the limitation contained in clause (ii) of the proviso to Section 11.8(e)(i) or (ii) any calendar year that is an Operation Agreement Counted Year; provided, however, that there may only be one Counted Year in any calendar year.

"CPI Index" shall mean the Consumer Price Index for All Urban Consumers (unadjusted for seasonal variation) for the U.S. City Average as published from time to time by the U.S. Bureau of Labor Statistics or any successor index (or any substantially similar index in the event that no successor index is published) published by such Bureau or any successor agency or department.

"Cumulative Net Profits" shall mean, with respect to any taxable period, the amount, if any, by which Profits, for the current and all prior periods, exceed Losses for all such periods.

"Damages" shall mean any and all damages, losses, claims, demands, suits, recoveries, costs, expenses, liabilities to third-parties, reasonable attorneys' fees and penalties or other sanctions imposed by Governmental Authorities.

"Debt" shall mean, with respect to any Person (i) all obligations created, issued or incurred by such Person for borrowed money or for the deferred purchase price of property or services (other than trade accounts payable arising, and accrued expenses incurred, in the ordinary course of business), and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (ii) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person, (iii) all obligations of such Person as lessee under leases which have been or should be capitalized in accordance with GAAP, (iv) any obligation in respect of or secured by a lien or other Encumbrance on property owned or being purchased by such Person (including under conditional sales or other title retention agreements), whether or not the same shall have been assumed by such Person or is limited in recourse, (v) all contingent liabilities of such Person in respect of any of the foregoing to the extent such liability is required to be recorded on the balance sheet of such Person in accordance with GAAP and (vi) all Debt of others guaranteed by such Person or secured by any Encumbrance on property owned or being acquired by such Person (including under conditional sales or other title retention agreements).

"Depreciation" shall mean, for each taxable year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable for federal income tax purposes with respect to property for such taxable year, except that (i) with respect to any property the Book Value of which differs from its adjusted tax basis for federal income tax purposes and which difference is being eliminated by use of the remedial allocation method, Depreciation for such taxable year shall mean the amount of book basis recovered for such taxable year under the rules prescribed by Treasury Regulation Section 1.704-3(d)(2) and
(ii) with respect to any other property the Book Value of which differs from its adjusted tax basis at the beginning of such taxable year, Depreciation shall mean an amount which bears the same ratio to such beginning Book Value as the federal income tax depreciation, amortization or other cost recovery deduction for such taxable year bears to such beginning adjusted tax basis; provided, however, that if the adjusted tax basis of any property at the beginning of such taxable year is zero, Depreciation with respect to such property shall be determined with reference to such beginning Book Value using any reasonable method selected by the Managing Member.

"Designated Allocation Method" shall mean the allocation method set forth on Schedule B.

"DGCL" shall mean the Delaware General Corporation Law, as in effect from time to time.

"Dispute Parties" shall have the meaning given in Section 10.2(b).

"Divesting Transmission Owner" or "DTO" shall mean a Member that has Transferred Transmission Facilities to the Company or an NDTO that proposes to Transfer Transmission Facilities to the Company, pursuant to Section 3.1(b).

"Early Termination Event" shall have the meaning given in Section 6.1(b).

"Economic Risk of Loss" shall have the meaning given in Treasury Regulation Section 1.752-2(a).

"Effective Date" shall mean October 31, 2002.

"Encumbrance" shall mean (i) with respect to any Units or Shares, any security interest, lien, pledge, mortgage or other encumbrance, whether such encumbrance arises voluntarily, involuntarily or by operation of Law other than restrictions on the sale or transfer thereof arising out of any Securities Laws or the Transaction Agreements and (ii) with respect to any other asset, any security interest, lien, pledge or mortgage or any other material encumbrance, whether such encumbrance arises voluntarily, involuntarily or by operation of Law.

"Entity" shall mean a corporation, limited liability company, partnership, limited partnership, trust, firm, association or other organization which has a legal existence under the Laws of its jurisdiction of formation which is separate and apart from its owner or owners and any Governmental Authority.

"Equity Interests" shall mean, with respect to any Person, all capital stock, membership interests, general or limited partnership interests or similar interests in the equity of such Person.

"Excess Cash Amount" shall mean the sum of (i) the amount, if any, by which the aggregate amount of cash paid or delivered to the First Divestor in connection with the First Divestor Divestiture exceeds 20% of the total consideration paid or delivered to the First Divestor in connection with the First Divestor Divestiture plus (ii) the amount of aggregate purchases of Units by an Affiliated Investor pursuant to Section 4.2, prior to the date which is eighteen months after the Transmission Service Date in connection with the exercise of a Put Right by a GridAmerica Company that is not an Original GridAmerica Company plus (iii) the amount, if any, by which the aggregate purchases of Units by an Affiliated Investor pursuant to Section 4.2, on and after the date which is eighteen months after the Transmission Service Date, in connection with the exercise of a Put Right by a GridAmerica Company that is not an Original GridAmerica Company exceeds $150,000,000.

"Excluded Employees" shall mean (i) each of the individuals identified on Schedule C hereto and any other individual (A) who was an employee of NGUSA or any NGUSA Affiliate (other than the Initial Member, the Company or any of their respective subsidiaries) for at least one (1) year prior to rendering services for or on behalf of the Managing Member or the Company, (B) who, at no time during the five (5) years prior to becoming employed by or providing services to NGUSA or any NGUSA Affiliate, was an employee of any Original GridAmerica Company or any Affiliate thereof and (C) who is transferred, seconded or otherwise made available to the Initial Member as Managing Member or the Company to serve in a senior executive or a senior or special technical position; provided, however, that (x) the Initial Member shall provide each Member with notice of such Excluded Employee's status as such within 30 days of such individual's commencement of service with the Managing Member or the Company and
(y) at no time shall there be more than ten (10) Persons designated as Excluded Employees pursuant to this clause (i) and (ii) a reasonably limited number of

employees of NGUSA or any NGUSA Affiliate (other than the Initial Member, the Company or any of their respective subsidiaries) that are seconded to the Company or the Managing Member for less than ninety (90) days.

"Fair Market Value" shall have the meaning given in Section 11.15(a).

"Favorable Opinion of Counsel" shall mean one or more opinions of counsel recognized as being competent to opine with respect to the matter as to which the opinion is being delivered in form and substance reasonably acceptable to the intended addressee(s) thereof covering such matters as may be reasonably requested by the intended addressee(s) thereof and as are customary in the context of similar transactions or situations, including, if applicable, opinions confirming the satisfaction of applicable Securities Laws; provided, however, such opinion may be subject to customary and reasonable qualifications and assumptions; provided, further, that if the opinion is being delivered by or on behalf of the Managing Member or an Affiliate thereof, such opinion must be reasonably satisfactory to a Majority of Non-Managing Members.

"FERC Approving Order" shall have the meaning given in the recitals hereof.

"First Divestor" shall mean, collectively, the GridAmerica Company and any of its Affiliates that transfers GridAmerica Transmission Facilities in the First Divestor Divestiture.

"First Divestor Divestiture" shall mean either (i) the acquisition by NGUSA or any NGUSA Affiliate of any GridAmerica Transmission Facilities from the First Divestor under circumstances where the Company contemporaneously or subsequently issues Units in exchange for some or all of such GridAmerica Transmission Facilities or (ii) the issuance by the Company of Units to any Affiliated Investor in exchange for cash, which cash is used by the Company in connection with the acquisition of any GridAmerica Transmission Facilities from the First Divestor, in each case, prior to the third anniversary of the Transmission Service Date before any other GridAmerica Company exercises its Put Right.

"Functional Control" shall have the meaning given in the Operation Agreement.

"GAAP" shall mean United States generally accepted accounting principles, as in effect from time to time.

"Good Business Practice Breaches" shall have the meaning given in Section 11.8(f)(i).

"Good Utility Practice" shall have the meaning given in the MISO OATT.

"Governmental Authority" or "Governmental" shall mean a federal, state, local or foreign governmental authority; a state, province, commonwealth, territory or district thereof; a county or parish; a city, town, township, village or other municipality; a district, ward or other subdivision of any of the foregoing; any executive, legislative or other governing body of any of the foregoing; any agency, authority, board, department, system, service, office, commission, committee, council or other administrative body of any of the foregoing; any court or other judicial body and any officer, official or other representative of any of the foregoing.

"GridAmerica Company" shall mean any Person that from time to time is designated as an "GridAmerica Company" under the Master Agreement.

"GridAmerica HoldCo" shall have the meaning given in the Master Agreement.

"GridAmerica ITC" shall mean the ITC created by the GridAmerica Companies and NGUSA pursuant to this Agreement, the Operation Agreement and the Master Agreement.

"GridAmerica Transmission Facilities" shall have the meaning given in the Master Agreement.

"Gross Negligence" shall mean the gross negligence of (i) in the case of the Managing Member (A) the Managing Member in the performance of its duties or obligations as Managing Member or (B) any Affiliate thereof that provides services to or for the benefit of the Company in connection with the performance of such services or (ii) in the case of any other Member, such Member in the performance of its duties or obligations as Member.

"Indemnified Parties" shall have the meaning given in Section 11.8(h)(ii).

"Independent Person" shall mean a natural Person who is not a director, agent, officer or employee of any Market Participant and who does not have a direct financial interest in, or stand to be financially benefited by any transaction involving, a Market Participant. A Person may be an Independent Person even though such Person directly owns securities issued by a Market Participant if: (i) such Person disposes of those securities within six (6) months of the time of such Person's affiliation or employment with the Company or the Managing Member, (ii) such Person disposes of those securities within six
(6) months of the time a new Member is added, or a new Market Participant first becomes such, where such Person owns securities of such new Member or new Market Participant or (iii) if such Person receives a gift or inheritance of securities of a Market Participant, such Person disposes of such securities within six (6) months of the date of receipt, and in each such case, such Person shall be deemed to be an Independent Person until the expiration of the applicable six
(6) month period. A Person who indirectly owns securities issued by a Market Participant through a mutual fund or similar arrangement (other than a fund or arrangement specifically targeted towards the electric industry or the electric utility industry, or any segments thereof) shall be an Independent Person if such Person does not control the purchase or sale of such securities. Participation in a pension plan of a Market Participant shall not be deemed to be a direct financial benefit if the Market Participant's performance has no material effect on such pension plan.

"Independent Transmission Company" or "ITC" shall have the meaning given in the recitals hereof.

"Initial Management Fee" shall have the meaning given in Section 6.3(a)(i).

"Initial Member" shall have the meaning given in the preamble hereof.

"Initial Public Offering" or "IPO" shall mean the first underwritten primary Public Offering of Shares under a registration statement filed by GridAmerica HoldCo under the Securities Act.

"Initial Term" shall have the meaning given in Section 6.1(b).

"Interested Party Valuation Firm" shall have the meaning given in Section 11.15(a)(i).

"ITC Agreements" means (i) this Agreement, (ii) the Certificate, (iii) the Operation Agreement and (iv) the Master Agreement.

"Law" shall mean any applicable constitutional provision, statute, act, code (including the Code), law, regulation, rule, ordinance, order, decree, ruling, proclamation, resolution, judgment, decision, declaration, or interpretive or advisory opinion of a Governmental Authority.

"Liability Cap Amount" shall mean, in any calendar year, an amount equal to the Initial Management Fee for such calendar year.

"Liquidator" shall have the meaning given in Section 9.2.

"Majority of Class A Members" shall mean one or more Members whose aggregate Class A Percentage Interests are greater than fifty percent (50%).

"Majority of Non-Managing Members" shall mean one or more Members (other than the Managing Member and, where the Managing Member is the Initial Member, any Affiliated Investor) holding greater than fifty percent (50%) of all Units (other than Units held by the Managing Member and, where the Managing Member is the Initial Member, any Affiliated Investor); provided, however, that for purposes of Section 6.2 (b), the term Managing Member as used in this definition shall mean the Initial Member.

"Make-Ready Arrangements" shall mean the arrangements, contractual or otherwise, made by or entered into by or between the Company and the Midwest ISO pursuant to which each of the Company and the Midwest ISO acquires such services, intellectual property and other assets as are required for the Company to serve as an Independent Transmission Company within the Midwest ISO and for each of the Company and the Midwest ISO to perform its respective obligations under the Delineation of Functions (as defined in the MISO ITC Agreement).

"Managing Member" shall mean, initially, the Initial Member, and any successor designated in accordance with Section 6.1(b).

"Managing Member Payments" shall have the meaning given in Section 11.8(f).

"Management Fee" shall mean, in any calendar year, the Initial Management Fee, as adjusted pursuant to Section 6.3(b) for such calendar year.

"Market Participant" shall mean a Person that is a "Market Participant" within the meaning of Order 2000, or any subsequent rule, regulation or order of the Commission establishing the requirements of independence for a Person managing an ITC exercising the functions and responsibilities that GridAmerica ITC will exercise under the MISO ITC Agreement.

"Master Agreement" shall mean the Amended and Restated Master Agreement dated as of February 14, 2003 among the Company, NGUSA, the Initial Member and each GridAmerica Company or its applicable Affiliate, as the same may be amended, modified or otherwise supplemented and in effect from time to time.

"Material Adverse Effect" means an effect that is or is reasonably likely to be materially adverse to the business, assets, condition (financial or otherwise) or operations of (i) the Transmission Facilities subject to the Operation Agreement, taken as a whole or (ii) the Company.

"Member" shall mean any Person who is a member of the Company, including the Managing Member. As of the Effective Date, the sole Member is the Initial Member.

"Member Nonrecourse Debt" shall have the meaning ascribed to the term "partner nonrecourse debt" in Treasury Regulation Section 1.704-2(b)(4).

"Member Nonrecourse Debt Minimum Gain" shall have the meaning ascribed to the term "partner nonrecourse debt minimum gain" set forth in Treasury Regulation Section 1.704-2(i)(2).

"Member Nonrecourse Deductions" shall have the meaning ascribed to the term "partner nonrecourse deductions" in Treasury Regulation Section 1.704-2(i)(1).

"Minimum Gain" shall have the meaning given in Treasury Regulation Section 1.704-2(d).

"Midwest ISO" shall have the meaning given in the recitals hereof.

"MISO Documents" means the MISO ITC Agreement and such other agreements, instruments, certifications and other documents as may be necessary or desirable to effectuate the transactions contemplated by the MISO ITC Agreement.

"MISO ITC Agreement" shall mean the Amended and Restated Appendix I ITC Agreement by and between the Midwest ISO and the Company dated as of February 14, 2003, as the same may be amended, modified or otherwise supplemented and in effect from time to time.

"MISO OATT" shall mean the Open Access Transmission Tariff of the Midwest ISO on file with the Commission, as it may be amended, modified or otherwise supplemented and in effect from time to time.

"Net Book Value" shall have the meaning given in Section 6.2(d).

"Net Plant" or "net plant" shall mean, with respect to any Transmission Facilities, the net book value of such Transmission Facilities as computed using the information shown in the then most recent FERC Form 1 filed with the Commission with respect to such Transmission Facilities. For the avoidance of doubt, for any and all purposes of this Agreement and the other Transaction Agreements, (i) "Net Plant" shall be calculated, and if required adjusted, annually on each anniversary of the Effective Date and (ii) the calculation made and Form 1 information used shall be the difference between (A) the information on page 207, Electric Plant in Service

(Account 101, 102, 103 and 106), line 53, Total Transmission Plant, Column G, less (B) the information on page 219, Accumulated Provision for Depreciation of Electric Utility Plant (Account 108), Section B. Balances at End of Year According to Functional Classification, line 23, Transmission, Column C; provided, however, that if FERC Form 1 is modified or changed such that the foregoing designations no longer apply, the information used shall be that information in the modified or changed form that provides, as nearly as practicable, the same substantive result as the foregoing.

"Neutral Valuation Firm" shall have the meaning given in Section 11.15(a)(iii).

"NGUSA" shall have the meaning given in the recitals hereof.

"NGUSA Affiliate" shall mean an Affiliate of NGUSA.

"Non-Divesting Transmission Owner" and "NDTO" shall mean an owner of Transmission Facilities on whose behalf the Company exercises Functional Control over some or all of such Transmission Facilities pursuant to the Operation Agreement. Such term shall include, but shall not be limited to, independent transmission companies with no interest in, or affiliation with, a Market Participant.

"Non-Market Participant" shall mean a Person that is not a Market Participant.

"Non-Market Participant Certification" shall mean, with respect to any Person, an unqualified certification of such Person addressed to the Company and signed by a senior executive officer of such Person to the effect that (i) responsible Persons employed or engaged by such Person are familiar with applicable Law, including without limitation, rules, regulations and orders of the Commission and (ii) such Person is a Non-Market Participant thereunder.

"Nonrecourse Deductions" shall have the meaning given in Treasury Regulation Section 1.704-2(b)(1).

"Notice of Removal Dispute" shall have the meaning given in Section
10.3(b). "Operation Agreement" shall mean the Amended and Restated Operation Agreement dated as of February 14, 2003, among the Company and each GridAmerica Company or its applicable Affiliate, as the same may be amended, modified or otherwise supplemented and in effect from time to time.

"Operation Agreement Counted Year" shall have the meaning given in the Operation Agreement.

"Operational Segment" shall mean Transmission Facilities which are (i) capable of being operated in the ordinary course of business as a coherent transmission system and (ii) are capable of having revenues that can be separately accounted for under the then current revenue distribution methodology and procedures of the Company after such facilities are acquired by the Company.

"Order 2000" shall mean the Commission's order identified as Regional Transmission Organizations, Docket No. RM99-2-000, 89 FERC P. 61,285 (1999), all subsequent orders of the Commission in such Docket, and all other orders of the Commission pertaining to the rights and obligations of a regional transmission organization.

"Original GridAmerica Company" shall mean any Person that is an GridAmerica Company on the Effective Date.

"Panel" shall have the meaning given in Section 10.2(d).

"Parties" shall mean the Members, any former Member and the Company.

"Percentage Interest" shall mean as at any time of determination and, with respect to any Member, the product of (i) the number of Units held by such Member divided by the total number of outstanding Units multiplied by (ii) one hundred percent (100%). The Percentage Interest of any Member represents such Member's limited liability company interest in the Company.

"Permitted Purposes" shall have the meaning given in Section 2.4(a).

"Person" shall mean any natural person or Entity.

"Preemptive Notice" shall have the meaning given in Section 3.1(d)(i).

"Preemptive Notice of Acceptance" shall have the meaning given in Section 3.1(d)(ii).

"Preemptive Offer" shall have the meaning given in Section 3.1(d)(i).

"Preemptive Units" shall have the meaning given in Section 3.1(d)(i).

"Protected Member" shall mean any Member other than the Managing Member and, as long as the Initial Member is Managing Member, any Tranche 2 Member with respect to, but only with respect to, any Units issued pursuant to Section 4.1(b).

"Profits" or "Losses" shall mean, for each taxable year, an amount equal to the Company's taxable income or loss for such taxable year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code
Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits and Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(v) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(i) and not otherwise taken into account in computing Profits or

Losses pursuant to this definition of "Profits" and "Losses" shall be subtracted from such taxable income or loss;

(vi) In the event the Book Value of any asset is adjusted pursuant to clause (ii) or clause (iv) of the definition of Book Value, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Book Value of the asset) or an item of loss (if the adjustment decreases the Book Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(vii) Gain or loss resulting from any disposition of property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Book Value of the property disposed of, notwithstanding that the adjusted tax basis of such property differs from its Book Value;

(viii) In lieu of the depreciation, amortization and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such taxable year, computed in accordance with the definition of Depreciation;

(ix) To the extent an adjustment to the adjusted tax basis of any asset pursuant to Code Section 734(b) is required, pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Account balances as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or an item of loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(x) Any items that are allocated pursuant to the Regulatory Allocations shall not be taken into account in computing Profits and Losses. The amount of the items of Company income, gain, loss or deduction available to be allocated pursuant to the Regulatory Allocations shall be determined by applying rules analogous to those set forth in clauses (i) through (vi) hereof.

"Public Offering" shall mean an underwritten public offering registered pursuant to the Securities Act of Shares of GridAmerica HoldCo as contemplated by Article VI of the Master Agreement.

"Put Closing" shall have the meaning given in the Master Agreement.

"Put Right" shall have the meaning given in the Master Agreement.

"Putting GridAmerica Company" shall have the meaning given in the Master Agreement.

"Qualified Public Offering" shall mean a Public Offering in which GridAmerica HoldCo raises, or in the opinion of a nationally recognized investment banking firm selected by the Managing Member is reasonably expected to raise, gross proceeds of at least $250,000,000 (before payment of underwriting discounts, commissions and other offering expenses) and,

immediately following which, the Shares of GridAmerica HoldCo are or will be listed for trading on The New York Stock Exchange or another comparable national securities exchange on which the securities of major U.S. issuers engaged in the utility industry are actively traded.

"Ratification Agreement" shall mean, an agreement entered into between the Company and a Person who is not a Member who acquires Units that sets forth (i) the notice address of such Person, (ii) customary representations and warranties of such Person in form and substance reasonably satisfactory to the Managing Member including, if applicable, representations and warranties confirming satisfaction of applicable Securities Laws, (iii) a ratification by such Person of this Agreement, its agreement to be bound by all of the terms and provisions of this Agreement and its express assumption of all obligations of a Member under this Agreement, (iv) the Units acquired by such Person, (v) the Capital Contribution, if any, to be received by the Company in exchange for such Units and (vi) the "Grant Date," which corresponds to the date such Person acquired such Units.

"Regional Transmission Organization" and "RTO" shall mean an Entity that meets the minimum characteristics and functions of a regional transmission organization in Order 2000.

"Regulatory Allocations" shall mean the allocations pursuant to Section 5.2.

"Related Proceeding" shall have the meaning given in Section 10.2(c).

"Removal Arbitration" shall have the meaning given in Section 10.3.

"Removal Claimant" shall have the meaning given in Section 10.3(b).

"Removal Claim" shall have the meaning given in Section 10.3.

"Removal Dispute Parties" shall have the meaning given in Section 10.3(b).

"Removal Notice" shall have the meaning given in Section 10.3(b).

"Respondent Party" shall have the meaning given in Section 10.2(b).

"Removal Respondent Party" shall have the meaning given in Section 10.3(b).

"Sale Notice" shall have the meaning given in Section 3.3(d).

"Scheduled Termination Date" shall have the meaning given in Section 6.1(b).

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time and the rules and regulations promulgated thereunder.

"Securities Laws" shall mean the Securities Act, and any other applicable securities Laws.

"Sell" shall mean, in connection with a sale of Units by any selling Member (other than the Company), a sale of such selling Member's entire right, title and interest in and to such Units to another Person for value, but shall not include any sale of such Units (i) to an Affiliate of such

selling Member (or, in the case of the Managing Member, any of its Affiliated Investors), (ii) to the holders of equity securities of such selling Member or any of such holder's Affiliates as a distribution in respect of such securities,
(iii) to a Person that is exempt from federal income taxation under Section 501
(a) of the Code by virtue of being a Person described in Section 501(c)(3) of the Code or (iv) in any transaction in which Units are not substantially all of the assets being sold.

"Selling Member" shall have the meaning given in Section 3.3(d).

"SEOs" shall have the meaning given in Section 10.1.

"Shares" shall have the meaning given in the Master Agreement.

"Subject Units" shall have the meaning given in Section 3.3(d).

"Subsidiary" shall have the meaning given in Section 6.4(c).

"Successor Initial Term" shall have the meaning given in Section 6.1(b).

"Super Majority of Non-Managing Members" shall mean one or more Members (other than the Managing Member) holding greater than 66.67% of all Units (other than Units held by the Managing Member); provided, however, that for purposes of
Section 11.11(c), the term Managing Member as used in this definition shall mean and include the Person who served as Managing Member immediately prior thereto.

"Super Majority of Transmission Owners" shall mean (i) prior to the date on which the Company first issues Units in exchange for the Transmission Facilities, two-thirds or more of the GridAmerica Companies and (ii) thereafter, one or more Owners of Transmission Facilities who, among them, own (through actual or deemed ownership as provided below) Transmission Facilities that are subject to the Functional Control of the Company pursuant to the Operation Agreement or are owned by the Company with a Net Plant greater than 66.67% of the Net Plant of all Transmission Facilities subject to such Functional Control of the Company pursuant to the Operation Agreement or are owned by the Company. For purposes of the above vote, "Owner of Transmission Facilities" means (i) in the case of Transmission Facilities subject to the Company's Functional Control pursuant to the Operation Agreement, the Person that actually owns such Transmission Facilities and (ii) in the case of Transmission Facilities actually owned by the Company, the Members in accordance with their respective Percentage Interests. In the event that a Public Offering shall have occurred, the independent board members of GridAmerica HoldCo shall vote the deemed ownership interest of GridAmerica HoldCo.

"System-Wide Assets" shall mean the assets of the Company that (i) are intended, or have the ability, to benefit primarily all or substantially all of the GridAmerica Transmission Facilities owned by or subject to the Functional Control of the Company or (ii) further the coordination, management and operation of all or substantially all of the GridAmerica Transmission Facilities owned by or subject to the Functional Control of the Company.

"System-Wide Capital Expenditures" shall mean Capital Expenditures by the Company in respect of System-Wide Assets.

"Third Party Claims" shall have the meaning given in Section 11.8(h)(ii).

"Tranche 2 Member" shall mean a Member that has been issued Units under Section 4.1(b).

"Transaction Agreements" means the ITC Agreements and the MISO ITC Agreement.

"Transfer," "Transferred" and other terms derivative thereof shall mean a sale, assignment, transfer, lease, contribution, distribution, conveyance, gift, exchange, Encumbrance, or other disposition whether such disposition be voluntary, involuntary or by operation of Law; provided, however, that the pledge of a Unit or the granting of a security interest in a Unit shall not constitute a Transfer, but a foreclosure or a transfer in lieu thereof shall constitute a Transfer.

"Transmission Facilities" shall mean facilities used for the transmission of electric power and energy of the kind subject to the jurisdiction of the Commission.

"Transmission Service Date" shall have the meaning given in the Master Agreement.

"Treasury Regulations" shall mean the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to Sections of the Treasury Regulations shall include any corresponding provision or provisions of Treasury Regulations hereafter proposed or adopted.

"Undersubscription Amount" shall have the meaning given in Section 3.1(d)(ii).

"Unit" shall mean a fractional part of the aggregate membership interests of all of the Members in the Company.

"Unit Registry" shall have the meaning given in Section 3.2(b).

"Willful Misconduct" shall mean (i) an act or omission by (A) in the case of the Managing Member (I) the Managing Member in the performance of its duties or obligations as Managing Member or (II) any Affiliate thereof that provides services to or for the benefit of the Company, in the performance of such services or (B) in the case of any other Member, such Member in the performance of its duties or obligations as a Member, in any case that is in disregard of a known, reasonably knowable or reasonably obvious risk that harm to the Company, any if its other Members (as such) or any of the Transmission Facilities subject to the Operation Agreement and/or any of the Associate Agreements is likely to follow or (ii) an intentional breach of this Agreement by (A) in the case of the Managing Member (I) the Managing Member or (II) any Affiliate thereof that provides services to or for the benefit of the Company, in the performance of such services or (B) in the case of any other Member, such Member.

Section 1.2. Rules of Construction. The following provisions shall be applied wherever appropriate herein:

(i) "herein," "hereby," "hereunder," "hereof," "hereto" and other equivalent words shall refer to this Agreement as an entirety and not solely to the particular portion of this Agreement in which any such word is used;

(ii) "including" means "including without limitation" and is a term of illustration and not of limitation;

(iii) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;

(iv) unless otherwise expressly provided, any term defined in this Article I by reference to any other document shall be deemed to be amended herein to the extent that such term is subsequently amended in such document;

(v) wherever used herein, any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders;

(vi) neither this Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsperson hereof or thereof;

(vii) the Section headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such section, or in any way affect this Agreement;

(viii) any references herein to a particular Section, Article, Exhibit or Schedule means a Section or Article of, or an Exhibit or Schedule to, this Agreement unless another agreement is specified; and

(ix) the Exhibits and Schedules attached hereto are incorporated herein by reference and shall be considered part of this Agreement.

ARTICLE II
FORMATION

Section 2.1. Formation. The Company has been organized as a Delaware limited liability company by the filing of the Certificate under and pursuant to the Act.

Section 2.2. Name. The name of the Company is "GridAmerica LLC," and all Company business must be conducted in that name or in the name of "GridAmerica ITC."

Section 2.3. Offices. The registered office and registered agent of the Company required by the Act to be maintained in the State of Delaware shall be the registered office and registered agent identified in the Certificate or such other office or agent as the Managing Member may designate in the manner provided by Law. The principal office of the Company shall be located at such location as shall be determined by the Managing Member.

Section 2.4. Company Purposes.

(a) Permitted Purposes. The purpose of the Company is to engage in any lawful act or activity for which limited liability companies may be organized under the Act reasonably relating to the ownership or operation of Transmission Facilities (the "Permitted Purposes"), and, in furtherance thereof, the Company shall have the power:

(i) to own Transmission Facilities and to serve as an ITC in accordance with the rules and regulations of the Commission and the MISO ITC Agreement;

(ii) to operate Transmission Facilities owned by the Company;

(iii)to exercise Functional Control over Transmission Facilities owned by other Persons pursuant to the Operation Agreement and to make use in connection with the provision of transmission service of certain non-transferred Transmission Facilities pursuant to the Operation Agreement;

(iv) to provide non-discriminatory transmission and transmission-related services consistent with Commission policies and the MISO ITC Agreement on non-discrimination;

(v) to assure planning, reliability, safety and maximization of value (consistent with customer service obligations) respecting the Transmission Facilities it owns and Transmission Facilities over which it exercises Functional Control;

(vi) to distribute revenues received from transmission related services pursuant to the Operation Agreement and the provisions of Article V;

(vii)to acquire, develop, construct, improve, operate, maintain, finance, sell, lease, convey or otherwise dispose of Transmission Facilities and other related properties and assets necessary, convenient or desirable to accomplish the foregoing purposes;

(viii)to contract with others in furtherance of the foregoing purposes and to perform its obligations under such contracts and under this Agreement and the other Transaction Agreements; and

(ix) to take any or all other actions which are not inconsistent with Commission policies and the Transaction Agreements and are otherwise necessary, convenient or desirable to accomplish the foregoing.

(b) Prohibitions on Activities. The Company shall not be permitted to engage in activities other than activities relating to the Permitted Purposes. The Company shall not be permitted to acquire, directly or indirectly, an ownership interest in or control over assets used in the generation or marketing of electric power and energy, or undertake any other business or activity, that results in the Company becoming a Market Participant.

Section 2.5. Foreign Qualification; Other Filings.

(a) Prior to the Company's conducting business the Company shall comply with all requirements necessary to qualify the Company as a foreign limited liability company in the States of Indiana, Illinois, Missouri, Pennsylvania and Ohio and in such other jurisdictions in which the Managing Member determines that such qualification is necessary or desirable.

(b) At the request of the Managing Member, the Members shall execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with this Agreement that are reasonably necessary or appropriate in connection with the filings contemplated by this Section 2.5. The Managing Member may utilize the power of attorney contained in Section 6.13 in connection with any such filings.

Section 2.6. Term. The Company commenced upon the effectiveness of the Certificate and shall have a perpetual existence, unless and until it is dissolved and terminated in accordance with Article IX.

Section 2.7. Certain Agreements and Arrangements.

(a) Master Agreement. The Company and the Initial Member are parties to the Master Agreement pursuant to which, among other things, the Company, the Initial Member and NGUSA have made covenants and granted rights to the GridAmerica Companies, including covenants and rights relating to the contribution of Transmission Facilities to the Company by the GridAmerica Companies as provided therein.

(b) Operation Agreement. The Company and the Original GridAmerica Companies are parties to the Operation Agreement pursuant to which the Company will, commencing on the Transmission Service Date, exercise Functional Control over the Transmission Facilities of the Original GridAmerica Companies, subject to and in accordance with the terms and provisions of the Operation Agreement. The Managing Member shall be entitled from time to time after the Effective Date to cause the Company to amend, modify or otherwise supplement the Operation Agreement, in accordance with Section 6.14 and in accordance with its terms, to allow the Company to exercise Functional Control over the Transmission Facilities of NDTOs that are not Original GridAmerica Companies if the NDTO over whose assets the Company would acquire Functional Control satisfies the requirements set forth in such Section 6.14.

(c) Make-Ready Arrangements. Prior to the Transmission Service Date, the Company will enter into the Make-Ready Arrangements.

Section 2.8. MISO Documents. The Company shall (i) execute and deliver the MISO ITC Agreement and such of the MISO Documents to be executed and delivered to and by it and (ii) comply with the terms and conditions of the MISO ITC Agreement. The Managing Member shall be entitled, from time to time after the Effective Date, to cause the Company to amend, modify or otherwise supplement any of the MISO ITC Agreement (x) to further the purposes of the Company and GridAmerica ITC as an ITC with the right and obligation to exercise Functional Control over the GridAmerica Transmission Facilities, (y) to allow the Company to exercise Functional Control over the GridAmerica Transmission Facilities and
(z) to allow the Company to exercise Functional Control over Transmission Facilities of any NDTO that is not

an Original GridAmerica Company if such NDTO becomes a party to the Operation Agreement; provided, however, in the case of this clause (z), that any such amendment, modification or supplement shall be made in accordance with Section 6.14. Anything in this Section 2.8 to the contrary notwithstanding, the Company shall not, without the prior consent of the Original GridAmerica Companies, amend, modify or otherwise supplement the MISO ITC Agreement as in effect on the date hereof to relieve the Midwest ISO of its commitment to, on the Transmission Service Date, (a) make (i) a one-time payment equal to the amount of the actual costs (including appropriately allocated internal costs) incurred by NGUSA (and/or its Affiliates) and the GridAmerica Companies to establish the Make-Ready Arrangements and (ii) a one-time payment to reimburse the GridAmerica Companies for the actual costs (including appropriately allocated internal costs) incurred in the development of Alliance RTO, such payments to be made as directed by the Company and (b) refund to Ameren Services Company, with interest, the $18,000,000 payment made by Ameren Services Company to leave the Midwest ISO pursuant to the terms of settlement approved in Illinois Power Co., 95 FERC P. 61,183, order on reh'g., 96 FERC P. 61,206 (2001).

Section 2.9. Company Property. No real or other property interest in real or other property or licensed use of real or other property of the Company shall be deemed to be owned by any Member individually, but shall be owned by and title shall be vested solely in the Company.

ARTICLE III
MEMBERS; UNITS

Section 3.1. Members; Additional Members; Preemptive Rights.

(a) Initial Member. Upon the making of the Capital Contribution required by Section 4.1 (b) on the Effective Date, the Company shall issue to the Initial Member the number of Class A Units set forth next to the Initial Member's name on Schedule A, and the Initial Member shall thereupon be admitted as a Member on the Effective Date.

(b) Additional Members After the Effective Date -- Contributions of Transmission Facilities. The Managing Member (i) may, from time to time, in its discretion if a proposed new Member desires to contribute Transmission Facilities to the Company and (ii) shall, from time to time, if a proposed new Member is exercising its Put Right admit to the Company a proposed new Member meeting the requirements of this Section 3.1 (b) upon the making by such proposed new Member of a Capital Contribution consisting primarily of Transmission Facilities. Upon the making of such Capital Contribution by such proposed new Member, the Company shall issue to such proposed new Member a number of Class A Units or Class B Units (as appropriate) and, if applicable, other consideration, having a Fair Market Value equal to the Fair Market Value of such proposed new Member's Capital Contribution, which, in the case of the exercise of a Put Right, shall be determined in accordance with Article V of the Master Agreement. To be eligible to be admitted as a Member, either (i) such proposed new Member must contribute GridAmerica Transmission Facilities or (ii) the Company must determine, in its reasonable discretion, that admitting such proposed new Member and accepting the Transmission Facilities of such proposed new Member as a Capital Contribution (x) will not result in any significant detriment to the existing Members in their capacity as such and (y) is likely to result in long-term benefits

to the Company; provided, however, that if less than all of such proposed new Member's Transmission Facilities are contributed, such Transmission Facilities, together with such other Transmission Facilities of such proposed new Member that the Company is to acquire, must constitute an Operational Segment, (ii) execute and deliver to the Company a Ratification Agreement, (iii) if Class A Units are to be issued to such proposed new Member, deliver to the Company an Non-Market Participant Certification, (iv) deliver to the Company the Favorable Opinion of Counsel and (v) in the case of a new Member being admitted upon the exercise of a Put Right, comply with the provisions of Article V of the Master Agreement and the terms and conditions of the Put Agreement entered into pursuant thereto, and in the case of a new Member being admitted upon a Transfer of Transmission Facilities other than upon exercise of a Put Right, comply with the terms and conditions of the agreement pursuant to which such Transfer is to occur. Any Ratification Agreement shall be attached to and become part of this Agreement. Upon the execution and delivery by the proposed new Member and the Company of a Ratification Agreement, the making of the Capital Contribution by such proposed new Member, the issuance to such proposed new Member of Units as provided above and the satisfaction of the foregoing conditions, such proposed new Member shall be a Member of the Company for all purposes hereof.

(c) Additional Members After the Effective Date -- Other Capital Contributions. Subject to Section 3.1(d), the Managing Member may, from time to time, in its discretion, admit to the Company any proposed new Member meeting the requirements of this Section 3.1(c), in order to raise additional capital for the Company for any Permitted Purpose, upon the making by such proposed new Member of a Capital Contribution (other than a Capital Contribution of Transmission Facilities which shall be made in accordance with Section 3.1(b)). Upon the making of such Capital Contribution by such proposed new Member, the Company shall issue and deliver to such proposed new Member a number of Class A Units or Class B Units (as appropriate) and, if applicable, other consideration, having a Fair Market Value equal to the Fair Market Value of such proposed new Member's Capital Contribution. To be eligible to be admitted as a Member, such proposed new Member must (i) execute and deliver to the Company a Ratification Agreement, (ii) if Class A Units are to be issued to such proposed new Member, deliver to the Company an Non-Market Participant Certification and (iii) deliver to the Company a Favorable Opinion of Counsel. Any Ratification Agreement shall be attached to and become part of this Agreement. Upon the execution and delivery by the proposed new Member and the Company of a Ratification Agreement, the making of the Capital Contribution by such proposed new Member, the issuance to such proposed new Member of Units as provided above and the satisfaction of the foregoing conditions, such proposed new Member shall be a Member of the Company for all purposes hereof.

(d) Preemptive Rights. Any offering and issuance of Units by the Company pursuant to Section 3.1(c), other than Units issued to the Initial Member or any Affiliated Investor pursuant to Sections 4.1 and 4.2 shall be subject to the following terms and conditions:

(i) The Company shall give written notice (the "Preemptive Notice") of any offering or issuance of such Units (the "Preemptive Units") to each of the Members, which notice shall (A) identify and describe the Preemptive Units, (B) describe the price (for cash, as described below) and other terms upon which the Preemptive Units are to be offered or issued and the number or amount of the Preemptive Units to be offered or

issued, (C) identify the Persons (if known) to which the Preemptive Units are to be offered or issued and (D) offer (the "Preemptive Offer") to issue and sell to each Member whose preemptive rights have not been suspended pursuant to Section 3.1(d)(iv) a pro rata portion of the Preemptive Units determined by multiplying the Preemptive Units then being offered by such Member's Percentage Interest (the "Basic Amount"). The Preemptive Notice also shall provide that the Member shall have the right to purchase either Class A Units if such Member is an Non-Market Participant, or Class B Units if such Member is a Market Participant, on the same terms and conditions as the Preemptive Units irrespective of whether the Preemptive Units are Class A Units or Class B Units. In the event that the Preemptive Units are to be offered and issued by the Company for any non-cash consideration, the Members shall be entitled to participate in such offering by substituting consideration in cash in an amount equal to the Fair Market Value, per Unit, of such non-cash consideration.

(ii) To accept a Preemptive Offer, in whole or in part, a Member must deliver a written notice (the "Preemptive Notice of Acceptance") to the Company within ten (10) days after the date of delivery of the Preemptive Notice, setting forth the portion of the Member's Basic Amount that it elects to purchase and, if such Member has elected to purchase all of its Basic Amount, any additional Units (if any) that such Member elects to purchase if one or more other Members elect to purchase less than all their full Basic Amounts (the "Undersubscription Amount"). If the aggregate Basic Amount subscribed for by all Members is less than the total of all Preemptive Units then being offered, then each Member who has set forth an Undersubscription Amount in its Preemptive Notice of Acceptance shall be entitled to purchase, in addition to its Basic Amount, the Undersubscription Amount it has subscribed for; provided, however, that if the aggregate Undersubscription Amounts subscribed for by the Members exceed the difference between the total of all of the Preemptive Units then being offered and the aggregate Basic Amounts subscribed for (the "Available Undersubscription Amount"), then each Member who has subscribed for any Undersubscription Amount shall be entitled to purchase only that portion of the Available Undersubscription Amount as the Undersubscription Amount subscribed for by such Member bears to the total Undersubscription Amounts subscribed for by all Members, subject to rounding by the Managing Member to the extent it deems reasonably necessary.

(iii)The Company shall have one hundred twenty (120) days from the date of the Preemptive Notice to issue and sell all or any part of such Preemptive Units as to which a Preemptive Notice of Acceptance has not been given by the Members, but only upon terms and conditions (including prices) which are not, taken as a whole, more favorable to the acquiring Person or Persons or less favorable to the Company than those set forth in the Preemptive Offer, and, promptly following the closing of any such sale, the Managing Member shall provide each Member with written notice of such sale which identifies the Units sold and the type and amount of consideration received therefor. Any Preemptive Units not acquired by the Members or other Persons in accordance with the immediately preceding sentence may not be offered or issued until they are again offered to the Members under the procedures specified in this Section 3.1(d).

(iv) All rights under this Section 3.1 (d) shall be suspended with respect to Units proposed to be sold by the Company to GridAmerica HoldCo in connection with a Qualified Public Offering, upon the filing by the Company of a registration statement relating to such Qualified Public Offering and such suspension shall continue until such registration statement is withdrawn, at which time all rights shall be reinstated in full, or until the consummation of such Qualified Public Offering, at which time all rights of the Members under this Section 3.1 (d) shall terminate and expire.

Section 3.2. Unit Classes; Automatic Conversion; Etc.

(a) Unit Classes. Membership in the Company shall be represented by Units. There shall be two classes of Units: the "Class A Units" and the "Class B Units," each of which shall have identical rights (including the identical right to the Profits (or Losses), distributions and other economic attributes of the Company as set forth in Articles V and IX), preferences and designations, except as hereinafter provided below in this Section 3.2(a):

(i) Class A Units: Except as otherwise provided herein, each holder of Class A Units shall be entitled to vote on all matters presented to the Members for their action or consideration. Class A Units shall be held only by Non-Market Participants.

(ii) Class B Units: Holders of Class B Units shall have no voting rights, except (A) as set forth in Section 6.6(b) and (B) on those other matters that require the approval of the holders of Class B Units as specifically set forth elsewhere in this Agreement.

(b) Registration of Units. The Company shall maintain a registry (the "Unit Registry") upon which all Units issued pursuant to this Agreement shall be registered in the name of the Member which is the registered holder thereof. The Unit Registry shall establish, as of any time, the owners of Units, and Units may not be Transferred except by notation of such Transfer upon the Unit Registry. The Company and the Managing Member shall treat the Person in whose name a Unit is registered in the Unit Registry as the owner of the Units represented thereby for all purposes. No Transfer of Units shall be valid as against the Company unless registered in the name of the transferee on the Unit Registry.

(c) Automatic Conversion of Class A Units. In the event that a Member holding Class A Units (i) is or becomes a Market Participant or (ii) Transfers Class A Units to a Market Participant, then either (A) all such Member's Class A Units in the case of clause (i) above or (B) the Class A Units Transferred in the case of clause (ii) above, automatically, without the necessity of any action on the part of such Member or the Company shall be converted (effective as of such time that such Member becomes a Market Participant or Transfers Class A Units to a Market Participant) into the same number of Class B Units, such that the Percentage Interest of any Member (other than, in the case of a Transfer, the transferor Member) shall remain unchanged. Promptly, but in no event more than ten (10) days after the date such Member becomes a Market Participant and no fewer than fifteen (15) days prior to the proposed effective date of a Transfer of such Member's Class A Units to a Market Participant, such Member (and, in the case of a Transfer, the transferee) will deliver or cause to be delivered to the Company notification of the foregoing and the Company promptly shall make the appropriate notation in

the Unit Registry and promptly shall notify such Member and/or such transferee and all other Members that such notation has been made.

(d) Conversion of Class B Units. In the event that a Member holding Class B Units (i) is or becomes a Non-Market Participant or (ii) Transfers its Class B Units to an Non-Market Participant, then either (A) all or any part of such Member's Class B Units in the case of clause (i) above or (B) all or any part of the Class B Units Transferred in the case of clause (ii) above shall, at the written request of the holder thereof, be converted into the same number of Class A Units, such that the Percentage Interest of any Member (other than, in the case of a Transfer, the transferor Member) shall remain unchanged. Any written request pursuant to this Section 3.2(d), shall include a Non-Market Participation Certification. Upon receipt by the Company of such written request and Non-Market Participant Certification, the Company promptly shall make the appropriate notation in the Unit Registry and promptly shall notify such Member or such transferee that such notation has been made.

(e) Optional Conversion. Any Member that acquires Class A Units (whether from the Company pursuant to Section 3.1, by conversion pursuant to Section 3.2(d), or by Transfer from another Member pursuant to Section 3.3) and that is a Non-Market Participant, shall have the right at any time and from time to time to elect to have some or all of its Class A Units converted into the same number of Class B Units by delivering to the Company such Member's written election to convert some or all of its Class A Units for the same number of Class B Units. Upon receipt of such election, the Company promptly shall make the appropriate notation in the Unit Registry and promptly shall notify such Member that such notation has been made.

(f) Votes/Approvals of Members Holding Class A Units. Each time that a Member holding Class A Units votes its Class A Units on any matter under this Agreement, such Member automatically, without the necessity of any further action, shall be deemed to have represented and warranted to the Company and to the other Members that such Member is an Non-Market Participant and, upon the reasonable request of the Managing Member, as a condition precedent to such Member's right to vote its Class A Units, such Member shall deliver to the Company an Non-Market Participant Certification. Not later than January 15 of each year, each holder of Class A Units shall deliver to the Company an Non-Market Participant Certification that certifies that such holder is and, during the immediately preceding calendar year, was, a Non-Market Participant.

(g) Contest of Holder's Non-Market Participant Status. The Company and any Member may at any time contest in accordance with Article X a

Non-market Participant Certification delivered by any Person or such Person's status as an Non-Market Participant; provided, however, that if the Managing Member causes the Company to challenge a Person's Non-Market Participant Certification or Non-Market Participant status, such challenge (i) shall be made in good faith and must not involve an unreasonable expenditure of Company funds and (ii) the Company, promptly after the commencement of such a challenge, shall give notice of such challenge to all other Members, which notice shall set forth a reasonably detailed description of the basis for such challenge and shall include copies of any legal opinions or other documentation in the possession of the Managing Member describing the basis for such challenge.

(h) Reliance on Non-Market Participant Certification. The Managing Member may rely without investigation on any Non-Market Participant Certification delivered pursuant hereto.

Nothing in this Section 3.2 shall be construed to limit the right of the Commission to review Non-Market Participant Certifications and declare the Person delivering such Non-Market Participant Certification to be a Non-Market Participant or a Market Participant, as the case may be. Any determination of the Commission to the effect that a Person is a Market Participant shall supersede and override the Non-Market Certification with respect to which the determination is made.

Section 3.3. Transfers of Units; Exclusivity Period.

(a) Transferability of Units. Subject to Sections 3.3(b), 3.3(d) and 3.3(e), Units may be Transferred at any time and from time to time by any Person to any other Person, including the Company, without the consent of the Company, the other Members or, except in the case of a Transfer to the Company, the Managing Member. Except as otherwise provided in this Section 3.3, if a Member Transfers all or a portion of its Units, the transferee shall be admitted to the Company as a Member of the Company without the need for any additional act or consent of the Company or any Member. Immediately following such admission, the transferor shall, either (i) if such transferor Transferred all of its Units, cease to be a Member of the Company or (ii) if such transferor Transferred less than all of its Units, have its Percentage Interest appropriately adjusted to reflect the Transfer to the transferee of such Units. Any successor to a Member by merger or consolidation shall, subject to the satisfaction of the requirements of Section 3.3(b), be admitted as a Member.

(b) Conditions to Effectiveness of a Transfer. In connection with any Transfer of Units, the transferor and its transferee shall, as conditions precedent to the effectiveness of any such Transfer, (i) give prior written notice to the Company and to all Members no fewer than fifteen (15) days prior to the proposed effective date of such Transfer, which notice shall identify the transferee and specify the number and class of the transferor's Units to be Transferred, (ii) furnish a copy of the Transfer instrument to the Company and to all Members, (iii) execute and deliver to the Company a Ratification Agreement, (iv) if Class A Units are being Transferred, either (A) deliver to the Company a Non-Market Participant Certification or (B) deliver to the Company a written acknowledgement of the transferor and the transferee that the transferred Units shall be, effective upon such Transfer, automatically converted into the same number of Class B Units, (v) deliver to the Company a Favorable Opinion of Counsel and (vi) pay, or reimburse the Company for, all reasonable costs and expenses of the Company incurred by the Company in connection with such Transfer or otherwise make provision for the same. Upon receipt by the Company of the foregoing documents, the Company shall promptly make the appropriate notations reflecting the Transfer in the Unit Registry.

(c) Transfers Not in Compliance. Any attempted Transfer of a Unit, other than in strict accordance with this Section 3.3, shall be, and is hereby declared, null and void ab initio. The Members agree that a breach of the provisions of this Section 3.3 may cause irreparable injury to the Company and to the Members for which monetary damages (or other remedy at law) are inadequate in view of (i) the complexities and uncertainties in measuring the actual damages that would be sustained by reason of the failure of a transferor to comply with such

provisions and (ii) the uniqueness of the Company's business and the relationship among the Members. Accordingly, the provisions of this Section 3.3 may be enforced by specific performance.

(d) Exclusivity Period. If a Member proposes to consider soliciting an offer to Sell any Units or is approached by another Person regarding any proposed transaction in which such Member would Sell its Units, prior to entering into substantive negotiations to Sell such Units, such Member (the "Selling Member") shall first submit a written notice to each other Member (the "Sale Notice") that the Selling Member may Sell such Units (the "Subject Units"), which notice shall specify whether the Selling Member has received any third party offer for such Subject Units which it intends to accept. In order to give the other Members the option to make an offer to purchase the Subject Units, the Selling Member (i) shall not Sell the Subject Units and (ii) shall not discuss, negotiate or otherwise provide information concerning such Units to any other Person, except in connection with a transaction in which the Selling Member does not propose to Sell such Subject Units, for thirty (30) days from the date of the delivery of the Sale Notice. No Member shall have any obligation to make an offer to purchase such Subject Units and the Selling Member shall have no obligation to consider, negotiate or accept any such offer. After the expiration of such thirty (30) day period, the Selling Member shall have one (1) year thereafter to enter into definitive agreements to Sell the Subject Units to a third party. If at the end of such period the Selling Member has not entered into definitive agreements to Sell such Subject Units, the Selling Member will be obligated to comply with this Section 3.3(d). The rights of the Members under this Section 3.3(d) shall not apply to any sale of Units in a Qualified Public Offering and shall terminate upon the closing of a Qualified Public Offering.

(e) Publicly Traded Partnership. Notwithstanding anything to the contrary herein, no transfer of Units may be made to any Person if as a result of such transfer the Company would have more than one hundred (100) Members determined in accordance with Treasury Regulation Section 1.7704-1(h)(1) and (3).

Section 3.4. Resignation. A Member has no right or power to resign or withdraw from the Company except as specifically provided for in this Agreement.

ARTICLE IV
CAPITAL CONTRIBUTIONS

Section 4.1. Capital Contributions to Fund Capital Expenditures and Working Capital Needs. Subject to the limitations set forth in Section 4.3, the Initial Member and/or one or more Affiliated Investors shall (or in the case of Section 4.1(c), may at its election) make Capital Contributions to the Company as follows:

(a) Capital Contributions on the Transmission Service Date. On the Effective Date, the Initial Member shall make a cash Capital Contribution in the amount of $50,000 in exchange for 1000 Units.

(b) Capital Contributions to Fund Capital Expenditures and Working Capital. Following the Effective Date, when and as the Initial Member, in the performance of its duties or obligations as Managing Member, determines that the Company is in need of additional funds to

pay for Capital Expenditures relating to System-Wide Capital Expenditures or for additional working capital purposes, the Initial Member, shall and/or shall cause one or more Affiliated Investors to, make cash Capital Contributions in exchange for Units in the amount so determined by the Initial Member; provided, however, that the maximum commitment of Initial Member pursuant to this Section 4.1 (b) shall be $25,000,000.

(c) Capital Contributions to Fund Capital Expenditures Relating to GridAmerica Transmission Facilities. Following the Effective Date, when and as the Initial Member, in the performance of its duties or obligations as Managing Member, determines that the Company is in need of additional funds to pay for Capital Expenditures relating to GridAmerica Transmission Facilities or to acquire GridAmerica Transmission Facilities, the Initial Member may, at its election make, or cause one or more Affiliated Investors to make, Capital Contributions in exchange for Units in the amount so determined by the Initial Member.

Section 4.2 Capital Contributions Upon Contribution of GridAmerica Transmission Facilities.

(a) Subject to the limitations set forth in Sections 4.2(c) and 4.3, the Initial Member shall cause one or more Affiliated Investors to make cash Capital Contributions to the Company in exchange for Units upon the exercise by an GridAmerica Company of a Put Right or the purchase by the Company of Transmission Facilities from a GridAmerica Company as follows:

(i) At each Put Closing, a cash Capital Contribution equal to 5% of the Fair Market Value of the Transmission Facilities in respect of which the Put Right has been exercised;

(ii) At the closing of each purchase of Transmission Facilities from a GridAmerica Company other than NGUSA or an Affiliated Investor, a cash Capital Contribution equal to 5% of the Fair Market Value of the Transmission Facilities to be purchased by the Company; and

(iii)At the option of either the Initial Member or the Putting GridAmerica Company (such option being referred to as the "Cash Option"), a cash Capital Contribution up to an additional 15% (or such higher percentage as to which the Initial Member and the Putting GridAmerica Company may agree) of the Fair Market Value of the Transmission Facilities in respect of which the Put Right has been exercised, in which event (i) the number of Units received by the Putting GridAmerica Company at the Put Closing shall be reduced by the number of additional Units purchased by the Affiliated Investors and (ii) such Putting GridAmerica Company shall, at the Put Closing, receive a cash distribution in an amount equal to the aggregate amount paid to the Company for such additional Units.

(b) Exercise of Cash Option. If either the Putting GridAmerica Company or the Initial Member desires to exercise its Cash Option, it shall provide the other and the Company with written notice of such exercise at least sixty (60) days prior to the Put Closing, which notice shall specify the percentage of the Fair Market Value of contributed Transmission Facilities to which the exercise relates. Notwithstanding anything to the contrary contained in this

Section 4.2(b), if the Initial Member exercises the Cash Option and the Putting GridAmerica Company determines in good faith that the corresponding distribution of cash by the Company to such Putting GridAmerica Company in connection with the exercise of the Cash Option would result in the Putting GridAmerica Company being required to recognize income as a result of such distribution of cash in the calendar year in which such cash distribution is made in excess of the difference between the amount of such cash payment and such Putting GridAmerica Company's pro rata tax basis in the Transmission Facilities which are subject to the Put Notice (determined pursuant to the Master Agreement), the Putting GridAmerica Company may, at its election, upon written notice to NGUSA received at least thirty (30) days prior to the Put Closing, require NGUSA to rescind the exercise of the Cash Option. Such notice shall provide a detailed explanation of the income effect of the exercise by NGUSA of the Cash Option.

(c) Limitation on Capital Contribution Commitment. Notwithstanding anything in this Agreement to the contrary, no Affiliated Investor shall have any obligation to make or cause to be made any cash Capital Contribution to the Company pursuant to Section 4.2(a) if either:

(i) (A) the sum of (I) the aggregate amount of all cash Capital Contributions by any Affiliated Investor pursuant to Section 4.2(a) and
(II) the Fair Market Value (determined at the time the Transmission Facilities in question are contributed to the Company pursuant to Article V of the Master Agreement) of all Capital Contributions comprising Transmission Facilities made by the Initial Member and/or any NGUSA Affiliates would exceed (B) the difference between (I) $500,000,000 and
(II) the amount of the aggregate Capital Contributions of the Initial Member and/or any Affiliated Investor made pursuant to Section 4.1; provided, however, that there shall be excluded from such calculation the amount, if any, of the Excess Cash Amount; or

(ii) all Affiliated Investors would have, after giving effect to the purchase of Units pursuant to Section 4.2(a) and the issuance to a Putting GridAmerica Company of Units in connection with exercise of the Put Right, an aggregate Percentage Interest in the Company in excess of twenty percent (20%); provided, however, that there shall be excluded from such calculation all Units issued to such Affiliated Investors pursuant to Sections 4.1 (a) and 4.1 (b) and any Units issued in respect of the Excess Cash Amount.

(d) Not Applicable to NGUSA Put Right. The provisions of Sections 4.2(a) and 4.2(b) shall not apply to the exercise of a Put Right by any NGUSA Affiliate.

Section 4.3. Additional Limitations on Commitment. Notwithstanding anything contained in Sections 4.1 or 4.2 to the contrary, but subject to Section 4.2(c):

(i) The Initial Member and/or any Affiliated Investor shall have no obligation to make Capital Contributions pursuant to Sections 4.1 and 4.2 in excess of the sum of (A) $500,000,000, plus (B) the Excess Cash Amount.

(ii) The Initial Member and/or any Affiliated Investor shall have no obligation to make Capital Contributions in connection with the exercise of the Put Right (A) during the final six (6) months of the Initial Term if an MM Termination Notice or a Non-MM Termination Notice has been delivered pursuant to Section 6.1 (c) or (B) if NGUSA

exercises its resignation rights pursuant to clause (D) of Section 6.1(d), or (C) at any time after the Initial Member ceases to be the Managing Member; provided, however, that the obligation to make Capital Contributions pursuant to Section 4.2(a) shall continue with respect to the exercise of the Put Right if the Put Notice relating thereto was delivered prior to (x) in the case of clause (A) above, the final six (6) months of the Initial Term or (y) in the case of clause (C) above, the date that the Initial Member ceases to be the Managing Member.

Section 4.4. Capital Contributions After the Effective Date. Subject to
Section 3.1(d), the Managing Member (i) may, from time to time in its discretion, accept from an existing Member or a proposed new Member a Capital Contribution in exchange for Units consisting of cash, Transmission Facilities and/or other assets and (ii) if a Capital Contribution is being made pursuant to the Put Right contained in Article V of the Master Agreement, shall, from time to time, accept from an existing Member or a proposed new Member a Capital Contribution consisting primarily of Transmission Facilities over which the Company exercises Functional Control. Any such Capital Contribution must have a Fair Market Value not less than the Fair Market Value of any consideration to be paid by the Company to such Person, including the Units to be issued to such Person. In connection with Capital Contributions of Transmission Facilities by the Managing Member or any Affiliate of the Managing Member (and, in the case of the Initial Member, by any Affiliated Investor), the Members, other than the Managing Member and its Affiliates, shall represent the interests of the Company.

Section 4.5. No Other Required Capital Contributions. Unless it agrees otherwise and except as set forth in Sections 4.1 and 4.2, no Member shall be obligated to make any additional Capital Contributions to the Company.

Section 4.6. Return of Capital Contributions. No Member shall be entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its Capital Account or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

Section 4.7. Capital Accounts.

(a) A Capital Account shall be established and maintained for each Member. Each Member's Capital Account (i) shall be increased by (A) the amount of money contributed by that Member to the Company, (B) the Book Value of property contributed by that Member to the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under Code Section 752) and (C) allocations to that Member of Profits and any items of income or gain allocated to such Member pursuant to the Regulatory Allocations and (ii) shall be decreased by (A) the amount of money distributed to that Member by the Company, (B) the Book Value of property distributed to that Member by the Company (net of liabilities secured by such distributed property that such Member is considered to assume or take subject to under Code
Section 752) and (C) allocations to that Member of Losses and any items of loss or deduction allocated to such Member pursuant to the Regulatory Allocations. A Member that has more than one Unit shall have a single Capital Account that reflects all such Units, regardless of the class of Units owned by such Member and regardless of the time or

manner in which such Units were acquired. Upon the disposition of any Units, the Capital Account of the disposing Member that is attributable to such Units shall carry over to the assignee in accordance with the provisions of Treasury Regulation Section 1.704-1(b)(2)(iv)(1).

(b) The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Treasury Regulations. In the event the Managing Member shall determine that it is necessary to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Treasury Regulations, the Managing Member may make such modification; provided, however, that (i) it is not likely to have a material effect on the amounts distributed to any Member pursuant to Section 5.6(d) upon the liquidation of the Company and (ii) prior to making any such modification (A) the Managing Member obtains the written consent of all Members that may be reasonably likely to be adversely affected by such modification or (B) if such consent or consents cannot be obtained, the Managing Member obtains a tax opinion from a nationally recognized tax counsel with expertise in partnership tax matters, which counsel is reasonably acceptable to the Members holding a majority in interest of the Percentage Interests, to the effect that the proposed modifications of the Managing Member are necessary to comply with the Treasury Regulations. The Managing Member also shall be entitled to make, subject to the foregoing proviso, (i) any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Members and the amount of Company capital reflected on the Company's balance sheet, as computed for book purposes, in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) any appropriate modifications in the event unanticipated events (for example, the acquisition by the Company of oil or gas properties) might otherwise cause this Agreement not to comply with Treasury Regulations Section 1.704-1(b).

Section 4.8. Units Issued In Respect of Capital Contributions. A Member that makes Capital Contributions shall receive Units having a Fair Market Value equal to the amount of cash or the Fair Market Value of any other property so contributed as a Capital Contribution.

ARTICLE V
ALLOCATIONS AND DISTRIBUTIONS

Section 5.1. Allocations of Profits and Losses. Profits and Losses shall be allocated among the Members in accordance with their Percentage Interests.

Section 5.2. Regulatory Allocations. The following allocations shall be made in the following order:

(i) Nonrecourse Deductions shall be allocated to the Members in accordance with their Percentage Interests.

(ii) Member Nonrecourse Deductions attributable to Member Nonrecourse Debt shall be allocated to the Members bearing the Economic Risk of Loss for such Member Nonrecourse Debt as determined under Treasury Regulation Sections 1.704-2(b)(4) and 1.752-2. If more than one Member bears the Economic Risk of Loss for such

Member Nonrecourse Debt, the Member Nonrecourse Deductions attributable to such Member Nonrecourse Debt shall be allocated among the Members according to the ratio in which they bear the Economic Risk of Loss. This Section 5.2(ii) is intended to comply with the provisions of Treasury Regulation
Section 1.704-2(i) and shall be interpreted and applied consistently therewith.

(iii)Notwithstanding any other provision hereof to the contrary, if there is a net decrease in Minimum Gain for a taxable year (or if there was a net decrease in Minimum Gain for a prior taxable year and the Company did not have sufficient amounts of income and gain during prior years to allocate among the Members under this Section 5.2(iii)), items of income and gain shall be allocated to each Member in an amount equal to such Member's share of the net decrease in such Minimum Gain (as determined pursuant to Treasury Regulation Section 1.704-2(g)(2)). This Section 5.2(iii) is intended to constitute a minimum gain chargeback under Treasury Regulation Section 1.704-2(f) and shall be interpreted and applied consistently therewith.

(iv) Notwithstanding any provision hereof to the contrary except
Section 5.2(iii) (dealing with Minimum Gain), if there is a net decrease in Member Nonrecourse Debt Minimum Gain for a taxable year (or if there was a net decrease in Member Nonrecourse Debt Minimum Gain for a prior taxable year and the Company did not have sufficient amounts of income and gain during prior years to allocate among the Members under this Section 5.2(iv), items of income and gain shall be allocated to each Member in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain (as determined pursuant to Treasury Regulation Section 1.704-2(i)(4)). This Section 5.2(iv) is intended to constitute a partner nonrecourse debt minimum gain chargeback under Treasury Regulation Section 1.704-2(i)(4) and shall be interpreted and applied consistently therewith.

(v) Notwithstanding any provision hereof to the contrary except Sections 5.2(iii) and (iv) (dealing with Minimum Gain and Member Nonrecourse Debt Minimum Gain), a Member who unexpectedly receives an adjustment, allocation or distribution described in Treasury Regulation
Section 1.704-1(b)(2)(ii)(d)(4), (5) or (6) shall be allocated items of income and gain (consisting of a pro rata portion of each item of income, including gross income, and gain for the taxable year) in an amount and manner sufficient to eliminate any deficit balance in such Member's Adjusted Capital Account as quickly as possible. This Section 5.2(v) is intended to constitute a qualified income offset under Treasury Regulation
Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(vi) In the event that any Member has a negative Adjusted Capital Account at the end of any taxable year, such Member shall be allocated items of income and gain in the amount of such deficit as quickly as possible; provided, however, that an allocation pursuant to this Section 5.2 (vi) shall be made only if and to the extent that such Member would have a negative Adjusted Capital Account after all other allocations provided for in this Article V have been tentatively made as if Section 5.2(v) and this Section 5.2(vi) were not in this Agreement.

(vii)To the extent an adjustment to the adjusted tax basis of any asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts as the result of a distribution to any Member in complete liquidation of such Member's Units, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be allocated to the Members in accordance with Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(2) if such Section applies, or to the Member to whom such distribution was made if Treasury Regulation Section 1.704-1(b)(2)(iv)(m)(4) applies.

(viii) If the Treasury Regulations incorporating the Regulatory Allocations are hereafter changed or if new Treasury Regulations are hereafter adopted, and such changed or new Treasury Regulations, in the opinion of tax counsel for the Company, make it necessary to revise the Regulatory Allocations or provide further special allocation rules in order to avoid a significant risk that a material portion of any allocation set forth in this Article V would not be respected for federal income tax purposes, the Members shall make such reasonable amendments to this Agreement as, in the opinion of such counsel, are necessary or desirable, taking into account the interests of the Members as a whole and all other relevant factors, to avoid or reduce significantly such risk to the extent possible without materially changing the amounts allocable and distributable to any Member pursuant to this Agreement.

Section 5.3. Curative Allocations. The Regulatory Allocations are intended to comply with certain requirements of the Treasury Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 5.3. Therefore, notwithstanding any other provision of this Article V (other than the Regulatory Allocations), the Managing Member shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines to be appropriate so that, after such offsetting allocations are made, each Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Partnership items were allocated pursuant to Section 5.1. In exercising its discretion under this Section 5.3, the Managing Member shall take into account future Regulatory Allocations under Sections 5.2(iii) and 5.2 (iv) that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 5.2(i) and 5.2(ii).

Section 5.4. Income Tax Allocations.

(a) All items of income, gain, loss and deduction for federal income tax purposes shall be allocated in the same manner as the corresponding item of Profits and Losses is allocated, except as provided in Section 5.4(b).

(b) In accordance with Code Section 704(c) and the applicable Treasury Regulations thereunder, income, gain, loss, and deduction with respect

to any property contributed to the Company shall, solely for tax purposes, be allocated among the Members so as to take account of

any variation between the adjusted basis of such property to the Company for federal income tax purposes and its initial Book Value. In the event that any property is adjusted pursuant to clause (ii) or (iv) of the definition of Book Value, subsequent allocations of income, gain, loss and deduction with respect to such property shall take account of any variation between the adjusted basis of such property for federal income tax purposes and its Book Value in the same manner as under Code Section 704(c) and the applicable Regulations thereunder. For purposes of such allocations, the Company shall elect the Designated Allocation Method, and in applying the Designated Allocation Method to depreciable property, the Company shall compute allocations using the method set forth on Schedule B. Subject to the provisions of Treasury Regulations Section 1.704-3, the Company may use different methods with respect to different items of property.

(c) Any (i) recapture of depreciation deductions shall be allocated, in accordance with Treasury Regulations Section 1.1245-1(e), to the Members who received the benefit of such deductions (taking into account the effect of the Designated Allocation Method) and (ii) recapture of credits shall be allocated to the Members in accordance with Treasury Regulation Section 1.704-1(b)(4)(ii) unless the applicable Code section shall otherwise require.

(d) Allocations pursuant to this Section 5.4 are solely for purposes of federal, state, and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account or share of Profits, Losses, other items or distributions pursuant to any provision of this Agreement.

Section 5.5. Other Allocation Rules.

(a) All items of income, gain, loss, deduction and credit allocable to an interest in the Company that may have been transferred shall be allocated between the transferor and the transferee in accordance with the interim closing of the books method as provided in the Treasury Regulations under Code Section 706(d).

(b) The Members' proportionate shares of the "excess nonrecourse liabilities" of the Company, within the meaning of Treasury Regulation Section 1.752-3(a)(3), shall be determined in accordance with their Percentage Interests.

Section 5.6. Distributions.

(a) Distributions Upon Contributions of GridAmerica Transmission Facilities. The Managing Member shall cause the Company to make the distributions required by Section 4.2(a)(iii).

(b) Regular Distributions. The Managing Member shall cause the Company to distribute simultaneously to each Member in proportion to its respective Percentage Interest, not less frequently than each calendar month, not less than eighty percent (80%) of Available Cash and (ii) the Managing Member may, in its discretion make additional distributions of Available Cash, but any such other distributions must be made simultaneously to each Member in proportion to its respective Percentage Interest.

(c) Tax Distribution. As soon as practicable following the close of each taxable period, the Company shall, to the extent it has Available Cash therefor, distribute to each Member the excess, if any, of (i) the product of (A) the Cumulative Net Profits allocated to such Member, multiplied by (B) the highest marginal federal ordinary income tax rate applicable to corporations, over (ii) the amount of any distributions previously made pursuant to Section 5.6(b) and this Section 5.6(c) to such Member. In the event that adequate Available Cash does not exist to make the distributions required by this Section 5.6(b), the Company shall use commercially reasonable efforts to incur Debt in at least the amount necessary to make such distributions.

(d) Distributions on Dissolution and Winding Up. Upon the dissolution and winding up of the Company, after adjusting the Capital Accounts for all distributions made under Sections 5.6(a), 5.6(b) and 5.6(c), and all allocations under this Article V, all available assets distributable to the Members as determined under Section 9.2(v) shall be distributed to the Members in accordance with their positive Capital Account balances.

ARTICLE VI
MANAGEMENT

Section 6.1. Management of the Company.

(a) Managing Member. The management of the Company shall be vested in the Member that is designated as the "Managing Member" in accordance with Sections 6.1(b) and 6.1(e). Except as otherwise expressly provided in this Agreement, the Managing Member shall have full power and authority to manage the business and affairs of the Company to the extent provided in the Act, and no other Member shall have any such management power and authority. The Managing Member shall use commercially reasonable efforts to employ or otherwise secure the services of Persons responsible for the management and system-wide operation of the Transmission Facilities owned and/or Functionally Controlled by the Company and to appoint any of such Persons as officers of the Company having such responsibilities and obligations as the Managing Member shall specify; provided, however, that except for Excluded Employees, such Persons shall be employees of the Managing Member or the Company and not employees of any Affiliate of the Managing Member (other than the Company or any subsidiary of the Managing Member or the Company). Initially (x) Nick Winser of NGUSA will serve as chief executive officer of the Company and will devote significant time and attention to the business and affairs of the Company and (y) Paul Halas of NGUSA will serve as general counsel of the Company and will devote significant time and attention to the business and affairs of the Company, provided, that Nick Winser and Paul Halas may each also serve in a similar or different roles and capacities for other ITCs as well as for NGUSA and its Affiliates. Subject to the right of the Initial Member to resign as Managing Member as permitted by
Section 6.1(d), for so long as the Initial Member is the Managing Member, the Initial Member and its Affiliates will maintain Non-Market Participant status.

(b) Designation and Removal of Managing Member. The Initial Member shall

be the initial Managing Member. It shall serve for a term (the "Initial Term") that commences on the Effective Date and shall end upon the fifth anniversary of the Transmission Service Date (the "Scheduled Termination Date"); provided, however, that the Initial Member's term as Managing

Member shall terminate prior to the Scheduled Termination Date or prior to the end of any Additional Term (i) if it (or any of its Affiliates that are required to maintain Non-Market Participant status) shall have been found by the Commission, in a final order of the Commission that is no longer subject to rehearing, to be a Market Participant or (ii) for Cause if a Super Majority of Transmission Owners shall have delivered written notice that they have elected to remove the Managing Member for Cause pursuant to this Agreement or a Super Majority of Transmission Owners shall have delivered written notice that they have elected to cause the Company to remove the Managing Member for "cause" pursuant to Section 4.4.3 of the Operation Agreement, which removal shall become effective on the date specified in, but no sooner than sixty (60) days after, delivery to the Managing Member, each GridAmerica Company and each NDTO of a written notice of such election to remove (each, an "Early Termination Event"). Notwithstanding anything in clause (ii) of the immediately proceeding sentence to the contrary, (x) if the Managing Member disputes whether the grounds for removal exist by written notice to each GridAmerica Company and each NDTO delivered within thirty (30) days of receipt by the Managing Member of the election to remove the Managing Member, no Early Termination Event shall be deemed to occur until sixty (60) days after receipt of a final arbitration award pursuant to Section 10.3 finding that such grounds for removal exist and (y) no removal of the Managing Member shall be effective unless and until approved by the Commission. The initial term of any successor Managing Member (a "Successor Initial Term") shall be as set forth in the instrument appointing such successor Managing Member, but, in any event, shall terminate upon an Early Termination Event.

(c) Automatic Extension of Managing Member's Term. Notwithstanding the expiration of the Initial Term on the Scheduled Termination Date, the Initial Term and, unless otherwise provided in the instrument appointing a successor Managing Member, the Successor Initial Term of any successor Managing Member, automatically shall be extended for an additional term of two (2) years at the end of the Initial Term or Successor Initial Term (as the case may be) unless written notice of termination of the Managing Member is given to all the other Members at least six months prior to the last day of the Initial Term or Successor Initial Term (as the case may be) by the Managing Member (a "MM Termination Notice") or a Majority of Class A Members (a "Non-MM Termination Notice"). Following any such additional term, the Managing Member's term automatically shall be extended for successive additional terms of two (2) years each (any additional term, whether following the Initial Term, a Successor Initial Term or an additional term, being an "Additional Term") unless written notice of termination of the Managing Member is given to all the other Members at least six months prior to the end of the then existing Additional Term by the Managing Member or a Majority of Class A Members.

(d) Resignation. The Managing Member shall not be entitled to resign or withdraw from its position as Managing Member prior to the end of the Initial Term or any Successor Initial Term or any Additional Term; provided, however, that (i) the Initial Member may (x) upon thirty (30) days notice, resign as Managing Member after March 31, 2003 if, as of the date of such resignation, the Transmission Service Date has not occurred and (y) may resign as Managing Member as permitted by Section 2.2(c) of the Master Agreement and (ii) the Managing Member shall resign as Managing Member (A) if required by the Company in accordance with the Operation Agreement, (B) if required under the Master Agreement, (C) effective as of the time set forth in Section 6.1 (b) if removed pursuant to such Section 6.1(b)

unless, in the case of either clause (A) or clause (C), the Managing Member contests its removal under Article X of this Agreement or Article XII of the Master Agreement or Article VI of the Operation Agreement, in which case the Managing Member shall resign at the time directed in any order or judgment of the arbitrator issued pursuant to such Article X of this Agreement or Article XII of the Master Agreement or Article VI of the Operation Agreement, if so directed, or (D) as permitted pursuant to Section 5.7 of the Master Agreement.

(e) Replacement of Managing Member. If a Member's term as the Managing Member ends (i) at the expiration of the Initial Term or Successor Initial Term because the Initial Term or Successor Initial Term is not automatically extended to an Additional Term or (ii) at the end of any Additional Term because such Additional Term is not automatically extended to a subsequent Additional Term, then a Majority of Class A Members shall select the replacement Managing Member who may not be such Member or an Affiliate thereof. If the Managing Member's Initial Term or Successor Initial Term or any Additional Term ends pursuant to an Early Termination Event, a Super Majority of Transmission Owners shall select the replacement Managing Member.

(f) Transitional Provisions. If a Person's term as Managing Member ends, such Person shall, at the request of the Company, negotiate in good faith to provide transition services on commercially reasonable terms and conditions (including compensation) to facilitate a smooth transition of the management of the Company.

Section 6.2. Redemption of Units Upon Termination of Initial Member as Managing Member; Rights of the Company.

(a) Redemption of Units Upon Non-Renewal of Term by Members. If the Initial Member's term as Managing Member ends at the expiration of the Initial Term because a Majority of Class A Members elect not to extend automatically to an Additional Term or at the end of any Additional Term because a Majority of Class A Members elect not to extend automatically to a subsequent Additional Term, then the Initial Member may, by written notice delivered within sixty (60) days after the end of the Initial Member's term as Managing Member, require the Company to redeem any Units issued to and held by any Affiliated Investor in respect of Capital Contributions made pursuant to Sections 4.1 (a) and 4.1 (b) (to the extent such Units are still held by an Affiliated Investor) for a redemption price equal to the Fair Market Value of such Units on the date of delivery of the notice referred to above. Subject to Section 6.2(b), on the date set forth in the request for redemption, which date must be not more than one hundred eighty (180) days but not less than one hundred twenty (120) days after the date of such notice, the Company shall purchase such Units from such Affiliated Investors and such Affiliated Investors shall sell such Units, free and clear of all Encumbrances for cash for their Fair Market Value, and the Managing Member shall make the appropriate notation thereof in the Unit Registry. The right of redemption described in this Section 6.2(a) shall not apply (i) to Units issued under any other provision of this Agreement other than Sections 4.1(a) or 4.1(b), (ii) to Units held by any other Person other than the Initial Member and/or such Affiliated Investors, (iii) upon a removal of the Managing Member upon an Early Termination Event or if the Initial Member resigns pursuant to Section 5.7 of the Master Agreement or (iv) if the Initial Member, any Affiliated Investor and/or any Affiliate thereof voted any of the Units owned by them in favor of not extending the Initial Member's term as Managing Member.

(b) Conditions to Closing Redemption. In connection with any redemption of Units by the Company from any Person pursuant to this Agreement, such Person must deliver such Units to the Company on the date set for redemption free and clear of any Encumbrances, and the closing of such redemption shall be conditioned upon the satisfaction of customary closing conditions, including (i) execution and delivery to the Company by such Person of an instrument or agreement of transfer in form and substance reasonably, satisfactory to a Majority of Non-Managing Members and which contains customary representations and warranties in respect of due authorization, title, enforceability and no conflicts with agreements or applicable Laws and the need for any third-party or Governmental consents, (ii) delivery to the Company of a Favorable Opinion of Counsel, (iii) the redemption not violating any Laws or agreements to which the Company or such Person is a party and (iv) receipt of any necessary consents or approvals of any Governmental Authorities.

(c) Acquisition of Managing Member's Assets and Employees. If the Initial Member ceases to be the Managing Member for any reason (including upon resignation or removal if the Transmission Service Date shall not have occurred on or before March 31, 2003), the Company shall have the right, but not the obligation, to either (i) acquire one hundred percent (100%) of the outstanding Equity Interests of the Initial Member or one hundred percent (100%) of the assets and liabilities of the Initial Member for a price equal to the Net Book Value of the Initial Member determined as of the date on which the Initial Member ceases to be Managing Member or (ii) offer (or a designee of the Company may offer) employment to any employee of the Initial Member, other than Excluded Employees. The Company may exercise the rights granted by this Section 6.2(c) by delivering notice within sixty (60) days of the date on which the Initial Member ceases to be Managing Member.

(d) Closing of Acquisition. If the Company elects to acquire the Equity Interests or assets and liabilities of the Initial Member, the Initial Member shall cause such Equity Interests or assets and liabilities to be transferred to the Company free and clear of all Encumbrances (except, in the case of the assets of the Initial Member, Encumbrances that have been disclosed to the Company), and the Initial Member shall cause NGUSA and the seller of such Equity Interests to make customary representations and warranties in respect of due authorization, title, enforceability, no conflicts with agreements or applicable Laws, the need for any third party or Governmental consents and disclosing material assets, contracts and liabilities. The "Net Book Value" of the Initial Member shall be the difference, but not less than zero, between the aggregate assets of the Initial Member less the aggregate liabilities of the Initial Member, both determined in accordance with GAAP. Any dispute regarding the Net Book Value of the Initial Member shall be finally determined by the Agreed Accounting Firm designated in accordance with the Master Agreement. The acquisition of the Equity Interests of the Initial Member or the assets and liabilities of the Initial Member by the Company or its designee shall not include any Units or Shares or any indebtedness incurred to acquire any Units or Shares, and (i) immediately prior to the closing of such acquisition, the Initial Member shall distribute or otherwise transfer any Units or Shares held by it to its member(s) or shareholder(s) (as the case may be) and cause the Initial Member to be released from any indebtedness incurred to acquire any Units or Shares, and shall cause any Encumbrances on assets of the Company securing acquisition indebtedness for such Units or Shares to be released and
(ii) any such Units or Shares and any such indebtedness shall not be included in determining the Net Book Value of the Initial Member.

(e) Hiring of Employees. If the Company or its designee elects to offer employment to any employees of the Initial Member (or, in the case of a purchase of the Equity Interests of the Initial Member, if the Company or its designee elects to retain the services of any such employees), it shall do so on such terms and subject to such conditions as it may from time to time elect; provided, however, that no such offer shall be deemed to be a "Qualifying Offer" with respect to any such employee unless such offer is made during the sixty (60) day period referred to in Section 6.2(c), and such offer offers employment in a position of comparable authority with an overall compensation package which, taken as a whole, is comparable to the overall compensation package then provided by the Initial Member. During the sixty (60) day period referred to in Section 6.2(c), the Initial Member shall not, and shall cause NGUSA and the NGUSA Affiliates (other than the Company) not to, offer employment to or otherwise directly or indirectly retain or seek to retain the services of any employee of the Initial Member, other than any Excluded Employee, and the Initial Member shall not, and shall cause NGUSA and the NGUSA Affiliates (other than the Company) not to, engage in any such activities. After the expiration of such sixty (60) day period, NGUSA and any NGUSA Affiliate may offer employment to any employee of the Initial Member; provided, however, that the Initial Member shall not, and shall cause NGUSA and the NGUSA Affiliates (other than the Company) not to, offer employment to or otherwise directly or indirectly retain or seek to retain the services of any employee of the Initial Member other than any Excluded Employee who receives a Qualifying Offer for a period of one year after the date such Qualifying Offer is made. The Company shall provide NGUSA with copies of all Qualifying Offers of employment made to employees of the Initial Member. The Initial Member shall have no obligation to retain any employee of the Initial Member as an employee after the expiration of the Initial Member's term as Managing Member or the removal of the Initial Member as Managing Member.

(f) Exercise of Rights of Company. In the event that there are holders of Class A Units other than NGUSA or Affiliated Investors at the time the Initial Member ceases to be the Managing Member, then such holders shall represent the interests of the Company in connection with the exercise by the Company of the rights contained in Sections 6.2(c) through 6.2(e). In the event that there are no holders of Class A Units other than NGUSA or Affiliated Investors, then (i) if the Company has issued at least $250,000,000 in Class B Units to Persons other than the Initial Member and/or its Affiliates, then the holders of such Units shall represent the interests of the Company and (ii) otherwise a Super Majority of Transmission Owners may, if they so elect, by giving notice to NGUSA and the Initial Member delivered not fewer than fifteen (15) days after the receipt of a MM Termination Notice, a Non-MM Termination Notice or the notice of removal delivered pursuant to Section 6.1(b), represent the interests of the Company in connection with the exercise by the Company of the rights contained in Sections 6.2(c) through 6.2(e) to the extent permitted by applicable Law.

(g) Consents and Approvals. The Initial Member shall, and shall cause its Affiliates to, use commercially reasonable efforts to obtain any necessary consents or approvals of any Governmental Authorities and of any third parties in connection with an acquisition pursuant to Sections 6.2(c) through 6.2(e). The Initial Member shall not, and shall not permit its Affiliates to, enter into or suffer to exist any agreement that would prohibit, hinder or frustrate the Company's rights under Sections 6.2(c) through 6.2(e); provided, however, that, the Company may enter into one or more agreements in respect of financings for the Company that provide for aggregate borrowings of not more than $100,000,000 prior to the date the Company first owns

GridAmerica Transmission Facilities and $250,000,000 thereafter, unless a Majority of Non-Managing Members shall have approved a greater amount of borrowings, that contain a covenant prohibiting a change-in-control of the Managing Member if the Initial Member, in the good faith performance of its duties and obligations as Managing Member determines that such provisions are necessary in order to obtain financing on commercially reasonable terms.

Section 6.3. Compensation of Managing Member; Expenses.

(a) General. The Initial Member, commencing on the Effective Date and continuing until the end of the Initial Term, shall be entitled to receive the following as compensation for serving as Managing Member:

(i) subject to Sections 6.3(b), 6.3(c) and 11.8(b), an annual management fee of $3.5 million for each of the first three years of the Initial Term and $2.5 million for each subsequent year of the Initial Term and each year of any Additional Term (the "Initial Management Fee"), payable monthly in arrears on the last Business Day of each calendar month, subject to adjustment as provided in Section 6.3(b); and

(ii) subject to Section 11.8(b), reimbursement of compensation and benefits expenses for the employees of the Managing Member incurred by the Managing Member in connection with serving as Managing Member of the Company, such reimbursement payments to be made no more often than monthly.

(b) Adjustment of Initial Management Fee. As of January 1 following the fifth anniversary of the Effective Date and each January 1 thereafter, the Initial Management Fee for the calendar year beginning on such January 1 shall be adjusted to equal the sum of the following:

(i) the Initial Management Fee; plus

(ii) the product of (A) the Initial Management Fee, multiplied by the percentage change, if any, in the CPI Index for December of the year in which the fourth anniversary of the Effective Date occurs to the CPI Index value for the December immediately proceeding such January 1.

The annual management fee, if adjusted as aforesaid, shall remain unchanged until it is adjusted again pursuant to the terms of this Section 6.3 (b) or is subject to adjustment pursuant to Section 6.3(c) or Section 6.3(d).

(c) Adjustment of Initial Management Fee Upon Admission of New Members or Additions of New Parties to Operation Agreement. The amount of the Initial Management Fee, as adjusted as provided in Section 6.3(b), may be increased upon and in connection with the admission of new Members or the addition of new Transmission Owners as parties to the Operation Agreement as agreed between the Managing Member and such new Member or party to the Operation Agreement; provided, however, that (i) no such increase in the Initial Management Fee shall result in an increase in the aggregate amount of the Initial Management Fee payable by the Original GridAmerica Companies under Section 4.3 of the Operation Agreement without the consent of the Original GridAmerica Companies and (ii) after giving

effect to such increase in the Initial Management Fee, the several obligation of each Transmission Owner (under and as defined in the Operation Agreement) to pay its pro rata share of the Initial Management Fee pursuant to Section 4.3 of the Operation Agreement shall not exceed a percentage of the increased Initial Management Fee equal to the percentage that such Transmission Owner's Net Plant bears to the aggregate Net Plant in such year, adjusted to include the Net Plant of the additional Transmission Owner as of the effective date of such increase in the Initial Management Fee.

(d) Incentive Compensation. In addition to the amounts payable pursuant to Sections 6.3(a), (b) and (c), the Initial Member shall receive incentive compensation pursuant to such incentive compensation arrangements as are agreed from time to time between the Initial Member and such of the other participants in GridAmerica ITC as shall agree thereto. Notwithstanding the generality of the foregoing, any incentive compensation arrangements agreed between the Initial Member and the other participants in GridAmerica ITC shall provide that not less than 25% of net incentives earned through or as a result of the Company's exercise of Functional Control over the GridAmerica Transmission Facilities pursuant to the Operation Agreement shall be payable to the Initial Member as incentive compensation and the balance of such net incentives shall be distributed to the participants in GridAmerica ITC as set forth in Section 4.3.2 of the Operation Agreement.

(e) Prorated Payments. Any amounts payable to the Managing Member for serving as Managing Member for periods of less than a full calendar month shall be prorated for the period in which the Managing Member served based on the actual number of days elapsed.

(f) Compensation of Successor Managing Member. The compensation of any Managing Member (other than the Initial Member as Managing Member) shall be as set forth in the instrument appointing such successor Managing Member.

Section 6.4. Obligations of the Company.

(a) General. The Company and each of its Subsidiaries shall:

(i) comply with the Permitted Purposes;

(ii) comply with and perform all of its obligations under and in accordance with this Agreement and the other Transaction Agreements and such other contracts and agreements as the Company may enter into from time to time;

(iii)comply with and perform all of its obligations under all applicable Laws;

(iv) at all times hold itself out to the public as a legal entity separate from any Member and any NDTO;

(v) have a commercially reasonable capital structure;

(vi) file its own tax returns and tax information returns and schedules, if any, as may be required under applicable Law, to the extent not part of a consolidated group

filing a consolidated return or returns, and pay any taxes required to be paid by the Company under applicable Law;

(vii) maintain its own separate books and records and bank accounts;

(viii) conduct its business in its own name;

(ix) maintain separate financial statements;

(x) pay its own liabilities only out of its own funds; and

(xi) correct any known misunderstanding regarding its separate identity.

(b) Non-Market Participant Certifications. Promptly after the receipt by the Company of any Non-Market Participant Certification of a Member, the Company shall deliver a copy thereof to each other Member.

(c) Subsidiaries. The Company shall not have any subsidiaries other than wholly owned subsidiaries formed to own or hold Transmission Facilities and related assets where such separate ownership or possession is necessary in order to comply with applicable Laws (each, a "Subsidiary"). The Managing Member shall cause any such Subsidiary to not take any action that, if taken by the Company, would not be permitted under this Agreement or would require the consent of the Members.

(d) Insurance. At all times during the effectiveness of this Agreement and the Operation Agreement, the Company shall maintain insurance of the types and in the amounts as shall be agreed between the Company and the Transmission Owners (under and as defined in the Operation Agreement), provided, that such coverages are available at commercially reasonable rates. If a Transmission Owner (under and as defined in the Operation Agreement) requests the Company to obtain insurance in addition to such types or amounts as shall have been agreed as aforesaid, the Company shall obtain such insurance provided such Transmission Owner pays the cost thereof.

(e) Debt Securities. Subject to Section 6.4(a)(v), the Company may from time to time, on such terms and conditions as may be approved by the Managing Member in its sole discretion, incur Debt in furtherance of the Company's business and, in connection therewith, issue Debt securities of the Company to evidence such Debt. In the event of the incurrence of any such Debt by the Company, the Company shall use commercially reasonable efforts to recover through the rate-making process the principal and interest (and transactional costs) associated with such Debt.

(f) Incentive Compensation. The Managing Member shall, from time to time but no less frequently within thirty (30) days of the Transmission Service Date and each anniversary thereof, propose to the other participants in GridAmerica ITC incentive compensation arrangements designed to encourage the efficient and enhanced operation of the GridAmerica Transmission Facilities. Such arrangements shall not take into account the other businesses and activities of the GridAmerica ITC participants, including, without limitation, their electric generation businesses and activities.

Section 6.5. Obligations and Duties of the Managing Member. The Managing Member shall:

(i) Cause the Company to exercise Functional Control over the GridAmerica Transmission Facilities and to operate the Transmission Facilities owned by the Company in accordance with Good Utility Practice; provided, however, in recognition of the fact that GridAmerica ITC will operate as an ITC under the Midwest ISO in compliance with applicable Commission orders and policies, the Company shall execute and deliver and perform its obligations under the MISO ITC Agreement which contemplates, among other things, that the Company will transfer certain functions in respect of the GridAmerica Transmission Facilities to the Midwest ISO and it is expressly understood and agreed that the Initial Member shall not be deemed to have violated its duties under this Section by entering into any or all of the MISO ITC Agreement, any amendments or modifications thereto, or any similar agreements in which one or more Regional Transmission Organizations assumes responsibility for any aspect of Functional Control of any Transmission Facilities or for the operation thereof, and it shall be an absolute defense to any allegation of a breach by the Initial Member of its duties under this Section that the Midwest ISO (or another RTO) had responsibility for the performance thereof under the MISO ITC Agreement or any similar agreement or under applicable Law.

(ii) Cause the Company to fulfill in a commercially reasonable manner and, where applicable, in accordance with Good Utility Practice, its obligations hereunder and under the other Transaction Agreements, all applicable Laws and all other agreements to which the Company is a party; provided, however, that this covenant is not a guaranty of performance by the Company of any of its obligations;

(iii) Comply with its obligations under Sections 4.1, 4.2 and 11.8(e);

(iv) Have a fiduciary duty of loyalty and care to the Members and the Company which shall be the same as that owed by directors and officers of business corporations organized under the DGCL; provided, however, that the fiduciary duties owed by the Managing Member to the Members shall not allow the Managing Member to consider the present or future interests of the Members or any Affiliate thereof outside of the Company's business; and

(v) Use commercially reasonable efforts to fulfill its other obligations under this Agreement.

Section 6.6. Limitations on Managing Member Activities.

(a) Restrictions. Notwithstanding any other provision of this Agreement, the Managing Member shall not have the right or power to:

(i) do, or cause the Company to do, any act in contravention of this Agreement or any other Transaction Agreement to which it or the Company is a party;

(ii) perform, or cause the Company to perform, any act that would subject a Member to liability for the debts of the Company;

(iii)do, or cause the Company to do, any acts, perform, or cause the Company to perform, any actions or effect, or cause the Company to effect, any matters requiring the approval of the Members or any other Person under this Agreement, any other Basic Agreement or applicable Law without first having obtained such approval; or

(iv) except as provided in Sections 6.2(a) and 6.2(b), cause the Company to purchase or redeem any Units of the Managing Member or any Affiliated Investors.

(b) Actions Requiring Member Consent. Anything in this Agreement to the contrary notwithstanding, the Company shall not, and the Managing Member shall cause the Company not to, take the following actions without the affirmative written approval of a Super Majority of Non-Managing Members in their sole discretion:

(i) engage in a merger, reorganization or similar business combination transaction between the Company and any Person (other than (A) a holding company reorganization effected by merger or otherwise, a reorganization to change the state of formation effected by merger or otherwise or a similar transaction that does not alter the beneficial ownership of the Units or (B) a merger or similar business combination transaction following which the beneficial owners of Units immediately prior to the effective time of such transaction continue to beneficially own no less than 66.67% of the Units or other equity interests in the resulting entity immediately following the effective time of such transaction) unless the Commission finds that the merger, conversion, reorganization or other transaction will not adversely impact the investment of members other than the Managing Member in the Company;

(ii) sell, lease, transfer, convey or otherwise dispose of (other than by merger or consolidation), in one or a series of related transactions, all or substantially all of the assets of the Company;

(iii)dissolve or liquidate the Company or take any action in respect thereof;

(iv) (A) make a general assignment for the benefit of creditors, (B) file a voluntary bankruptcy petition, (C) become the subject of an order for relief or be declared insolvent in any federal or state bankruptcy or insolvency proceedings, (D) file a petition or answer seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any Law, (E) file an answer or other pleading admitting or failing to contest the material allegations of a petition filed in a proceeding of the type described in subclauses (A) through (D); or (F) seek, consent to, or acquiesce in the appointment of a trustee, receiver, or liquidator of all or any substantial part of its properties;

(v) except in connection with the Initial Public Offering as contemplated by Article VI of the Master Agreement, cause the Company to convert into any other form of Entity;

(vi) take any action not within the Company's Permitted Purposes; and

(vii)grant rights superior to those contained in Articles V and VI of the Master Agreement to any Person that is not a party thereto on the Effective Date and their permitted assignees thereunder;

provided, however, that anything to the contrary in this Section 6.6(b) notwithstanding, the approval of a Super Majority of Non-Managing Members referenced above shall not be required until such time as the Company has issued an aggregate of $250,000,000 in Units to Persons other than the Managing Member and any Affiliated Investors and such Units represent not less than twenty-five percent (25%) of the total outstanding Units of the Company, and, thereafter, such rights may only be exercised at a time when the number of Units held by Persons other than the Managing Member and any Affiliated Investors is greater than twenty-five percent (25%) of the total outstanding Units of the Company. The rights of a Super Majority of Non-Managing Members set forth in this Section 6.6(b) shall (i) not be required in connection with the transactions contemplated by Article VI of the Master Agreement and (ii) terminate upon the closing of the Initial Public Offering.

Section 6.7. No Duties of Non-Managing Members. Except as otherwise provided herein, the Members (other than the Managing Member) shall not have any duties to the Company or to any other Member.

Section 6.8. Contracts with Members and Affiliates.

(a) Competitive Bidding. The Company may contract with Members, NDTOs and their respective Affiliates for the provision of goods and/or services to the Company. In so contracting, where required to do so by the Commission, the Company shall employ competitive bidding. In connection with any competitive bidding process, the Managing Member shall select the lowest responsive bid from a responsible bidder; provided, however, that the Managing Member may, in good faith, select a different bid if it determines that selection of such different bid is in the best interests of the Company.

(b) Other Limitations on Contracts. Except for the Basic Agreements and as provided in Section 6.8(c), the Company shall not enter into any agreement or contract with a Member, an NDTO or any Affiliate thereof providing for the provision of goods and/or services to the Company unless any such agreement or contract contains in all respects terms and conditions that are no less favorable to the Company than could be obtained from a comparable, unaffiliated disinterested third party in a similar agreement or contract entered into by the Company as the result of arm's-length negotiations with such third party.

(c) Contracts for Transitional Services. Notwithstanding Sections 6.8(a) and 6.8(b), in connection with the acquisition of Transmission Facilities from a DTO, the Company may, to the extent permitted by applicable Law, enter into contracts with such DTO for operation and maintenance and other services.

Section 6.9. Agency of Members; Members' Businesses.

(a) Except as expressly provided herein, no provision of this Agreement shall be construed to limit in any manner the Members (other than the Managing Member) in the carrying on of their own respective businesses or activities. Except as otherwise set forth herein with respect to the Managing Member, nothing herein shall be construed to constitute a Member, in the Member's capacity as such, the agent of any other Member.

(b) Any Member or Affiliate thereof (but excluding the Managing Member (but including its Affiliates other than its subsidiaries)) may engage in or possess an interest in any other business venture of any nature or description, independently or with other Persons, similar or dissimilar to the business of the Company, and neither the Company nor any of the Members shall have any rights by virtue of this Agreement in and to such independent ventures or the income or profits derived therefrom, and the pursuit of any such venture, even if competitive with the business of the Company, shall not be deemed wrongful or improper. Except as expressly provided herein, no Member or Affiliate thereof (other than the Managing Member (but including its Affiliates other than its subsidiaries)) shall be obligated to present any particular investment opportunity to the Company even if such opportunity is of a character which, if presented to the Company, could be taken by the Company, and any Member or Affiliate thereof (other than the Managing Member (but including its Affiliates other than its subsidiaries)), shall have the right to take for its own account (individually or as a partner or fiduciary) or to recommend to others any such particular investment opportunity.

Section 6.10. Power of Attorney.

(a) Power of Attorney. Each Member hereby irrevocably constitutes and appoints the Managing Member as its true and lawful attorney-in-fact and agent of such Member, to execute, acknowledge, verify, swear to, deliver, record and file, in its or its assignee's name, place and stead, all in accordance with the terms of this Agreement, all instruments, documents and certificates that may, from time to time be required by applicable Law to effectuate, implement and continue the valid existence and affairs of the Company.

(b) Other Provisions. The power of attorney granted pursuant to Section 6.10(a) shall terminate upon the bankruptcy or dissolution of the Managing Member. The power of attorney granted pursuant to Section 6.10(a) shall be deemed to be coupled with an interest, shall be irrevocable, shall survive and not be affected by the liquidation, dissolution, bankruptcy or legal disability of the Member or the transfer of all or any part of the Member's interest in the Company and shall extend to its successors and assigns; and may be exercisable by such attorney-in-fact and agent for the Member by listing the Member's name on any such instrument and executing such instrument acting as attorney-in-fact. Any person dealing with the Company may conclusively presume and rely upon the fact that any instrument referred to above, executed by such attorney-in-fact and agent, is authorized, regular and binding, without further inquiry. If required, a Member shall execute and deliver to the Managing Member promptly after the receipt of a request therefor, such further designations, powers of attorney or other instruments as the Managing Member shall reasonably deem necessary to accomplish the purposes of this Section 6.10.

Section 6.11. Reliance by Third Parties. Persons dealing with the Company are entitled to rely conclusively upon the power and authority of the Managing Member set forth in this Agreement.

Section 6.12. Reliance on Certificates. Any Person dealing with the Company may rely on a certificate signed by any officer of the Managing Member:

(i) as to who are the Members;

(ii) as to the existence or nonexistence of any fact or facts which constitute conditions precedent to acts by the Members or in any other manner germane to the affairs of the Company;

(iii)as to who is authorized to execute and deliver any instrument or document on behalf of the Company;

(iv) as to the authenticity of any copy of this Agreement and amendments hereto; or

(v) as to any act or failure to act by the Company or as to any other matter whatsoever involving the Company or any Member.

Section 6.13. Limitations on Employees, Officers and Directors. Each employee, officer and director of the Company and/or the Managing Member and their respective spouses and minor children shall be Independent Persons. No employee, officer or director of the Company or the Managing Member may be in the employ of any NDTO, Member or Affiliate thereof (other than the Managing Member).

Section 6.14. New Parties to Operation Agreement. The Managing Member may from time to time, in its discretion, cause the Company to amend the Operation Agreement in accordance with its terms to allow the Company to exercise Functional Control over the Transmission Facilities of any other Person that meets the requirements of this Section 6.14; provided, however, that the terms of such amendment must either (i) not be materially more favorable to the counterparty thereto than the terms applicable to the Original GridAmerica Companies or (ii) the Company must offer to make such more favorable terms available to all parties to the Operation Agreement on a non-discriminatory basis; provided, further, that, so long as it does not adversely affect the Company or any Member, the Company may enter into an amendment to the Operation Agreement with an owner of Transmission Facilities that is a Non-Market Participant on terms different than those set forth in the Operation Agreement. For any Person other than a GridAmerica Company to be eligible to subject its Transmission Facilities to the Functional Control of the Company pursuant to an Operation Agreement, (i) the Company must determine, in its reasonable discretion, that subjecting the Transmission Facilities of such Person to the Functional Control of the Company (x) will not result in any significant detriment to the other parties to the Operation Agreement in their capacity as such and (y) is likely to result in long-term benefits to the Company and (ii) such Person must enter into an amendment to the Operation Agreement with the Company in form and substance satisfactory to the Managing Member. Such Person shall not be a Member of the Company and shall not be issued Units

unless such Person otherwise makes a Capital Contribution and is admitted to the Company as a Member pursuant to Section 3.1(b), 3.1 (c) or 3.3.

ARTICLE VII
RECORDS AND INFORMATION

Section 7.1. Maintenance of Records. The Company shall maintain at its principal office complete and accurate books, records, files and accounts of the business, affairs and finances of the Company, including books of account in which full, true and correct entries in conformity with GAAP shall be made of all transactions relating to the Company's business and affairs.

Section 7.2. Reports. The Company shall engage a nationally recognized firm of independent certified public accountants who shall audit the books and records of the Company. Within ninety (90) days after the end of each fiscal year, the Managing Member shall cause to be delivered to each Member statements of income, changes in Members' capital and changes in financial position of the Company for such fiscal year, and a balance sheet of the Company as at the end of such fiscal year, each of which shall have been prepared in accordance with GAAP and audited by such firm. Within forty-five (45) days after the end of each calendar quarter (except the fourth calendar quarter), the Managing Member shall cause to be delivered to each Member unaudited statements of income, changes in Members' capital and changes in financial position of the Company for the quarter then ended and on a year-to-date basis, and an unaudited balance sheet of the Company as of the end of such quarter.

Section 7.3. Inspection Rights. Each Member and such Member's officers, directors, partners, employees, agents, representatives, outside auditors and attorneys and any lender or potential lender to, counterparty or potential counterparty to a financing transaction with or proposed transferee of Units of any Member, and such Person's officers, directors, partners, employees, agents, representatives, outside auditors and attorneys, shall have the right to examine the books, records and accounts of the Company, and to make photocopies thereof, and shall have the right to discuss the business, affairs and finances of the Company with the Managing Member and its officers, agents and employees, at such reasonable times during regular business hours as there may reasonably request; provided, however, that (i) no information of the Company may be provided to the extent that providing such information would violate applicable Law and (ii) no Person shall have access to (A) information subject to a confidentiality obligation in favor of a third-party or (B) competitively sensitive commercial information of a kind not disclosed in due diligence in connection with merger and acquisition transactions; provided, further, that, in the case of clauses (i) and (ii), to the extent feasible, a waiver of such confidentiality obligations shall be sought and, in any event, to the extent feasible all such information shall be disclosed in summary or redacted form and such information may not be provided to any other Person.

Section 7.4. Bank Accounts. The Managing Member shall establish one or more separate bank and investment accounts and arrangements for the Company, which shall be maintained in the Company's name with such financial institutions and firms as the Managing Member may determine. The Company may not commingle (or permit to be commingled) the Company's funds with the funds of a Member or any other Person.

ARTICLE VIII
TAXES

Section 8.1. Tax Returns. The Managing Member shall cause the Company to prepare and timely file all federal, state and local tax returns required to be filed by the Company. Each Member shall furnish to the Company in a timely manner all pertinent information in its possession relating to the Company's operations that is necessary to enable the Company's tax returns to be timely prepared and filed. The Managing Member shall deliver a copy of each such return to the Members on or before ten (10) days prior to the due date of any such return, together with such additional information as may be required by the Members in order for the Members to file their individual returns reflecting the Company's operations.

Section 8.2. Tax Partnership. The Members acknowledge that the Company shall be treated as a partnership for federal income tax purposes and will not elect to otherwise characterize the Company for such purposes.

Section 8.3. Tax Elections. The Company shall and the Managing Member shall cause the Company to make the following elections on the appropriate tax returns:

(i) to adopt a fiscal year in accordance with applicable Law;

(ii) to adopt the accrual method of accounting and to keep the Company's books and records on the income tax method;

(iii)to elect, pursuant to Code Section 754, to adjust the basis of Company's properties, if a distribution of the Company's property as described in Code Section 734 occurs or a transfer of Membership Interests as described in Code Section 743 occurs, on request by notice from any Member;

(iv) to elect to amortize the organizational expenses of the Company ratably over a period of 60 months as permitted by Code Section 709(b);

(v) to elect, pursuant to Code Section 6231(a)(1)(B)(ii) of the Code, to be subject to the unified audit and litigation procedures of Code Sections 6221 through 6233 (and each Member agrees to execute the statement evidencing such election); and

(vi) any other election the Managing Member may deem appropriate.

Neither the Company nor any Member may make an election (i) under Code
Section 761 for the Company to be excluded from the application of the provisions of subchapter K of chapter 1 of subtitle A of the Code or any similar provisions of applicable state law or (ii) under Treasury Regulation Section 301.7701-3 to be classified as an association taxable as a corporation.

Section 8.4. Tax Matters.

(a) Tax Matters Partner. The Managing Member shall be the "tax matters partner" of the Company pursuant to Code Section 6231(a)(7).

(b) Member Requests/Petitions. Any Member that intends to file (i) a request under Code Section 6227 for an administrative adjustment of any "partnership item" (as defined in Code Section 6231(a)(3)) of the Company (a "Company Item") or (ii) a petition under Code Sections 6226, 6228 or other Code
Section with respect to any Company Item, shall provide reasonable prior notice (not less than thirty (30) days to the Managing Member and to the other Members of such intent and the nature of the requested adjustment or proceeding. By notice to all Members, the Managing Member may elect to file such request or petition on behalf of the Company. If the Managing Member does not notify the other Members of such election within thirty (30) days of the Member's initial notice (or within the period required to timely file the request or petition, if shorter), any Member may file such request or petition on its own behalf.

(c) Notice of Inconsistent Treatment. Any Member that intends to file a notice of inconsistent treatment under Code Section 6222(b) with respect to any Company Item shall provide reasonable prior notice (not less than thirty (30) days) to the Managing Member and the other Members of such intent and the manner in which the Member's intended treatment of such Company Item is (or may be) inconsistent with the treatment of that Company Item by the other Members.

(d) Settlement Agreements. Any Member that enters into a "settlement agreement" (as such term is used in Code Section 6224) with respect to any Company Item shall notify the Managing Member and the other Members of such settlement agreement and its terms within 90 days from the date of the settlement.

ARTICLE IX
DISSOLUTION, WINDING-UP AND TERMINATION

Section 9.1. Dissolution. The Company shall dissolve and its affairs shall be wound, only upon the ---------- approval of the Managing Member and a Super Majority of the Non-Managing Members.

Section 9.2. Winding-Up and Termination. On the occurrence of an event described in Section 9.1, the Managing Member shall appoint a Person, which may be the Managing Member, to act as liquidator (the "Liquidator"). The Liquidator shall proceed diligently to wind up the affairs of the Company in accordance with this Section 9.2 and to make the final distributions described herein, with the costs of winding up being borne as a Company expense. The Liquidator shall have a reasonable period of time in which to conduct such winding up, in order to facilitate an orderly liquidation of the Company's assets and to minimize any losses that may be caused by the sale of such assets in connection with such liquidation. The steps to be accomplished by the Liquidator are as follows:

(i) as promptly as possible after the dissolution and again after final winding up, the Liquidator shall cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities and operations through the last calendar day of the month in which the dissolution occurs or the final winding up is completed, as applicable;

(ii) the Liquidator shall pay or discharge from Company funds, or make adequate provisions for the future payment or discharge of, the debts, liabilities and obligations of the Company;

(iii)the Liquidator may sell any or all Company property, including to Members, and any resulting gain or loss from each sale shall be computed and allocated to the Capital Accounts of Members in accordance with the provisions of Section 5.1;

(iv) with respect to all Company property that has not been sold, the fair market value of that property shall be determined and the Capital Accounts of Members shall be adjusted to reflect the manner in which the unrealized income, gain, loss, and deduction inherent in property that has not been reflected in the Capital Accounts previously would be allocated among Members under Section 5.1 if there were a taxable disposition of that property for the fair market value of that property on the date of distribution; and

(v) all remaining assets of the Company shall be distributed to the Members in accordance with Section 5.6(d). Such distributions shall be made by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, ninety (90) days after the date of the liquidation); provided, however, that, in selling Transmission Facilities pursuant to Section 9.2(iii) and in distributing Transmission Facilities pursuant to this Section 9.2(v), in the event that the Liquidator receives written notice from a Member of such Member's desire to reacquire Transmission Facilities previously contributed to the Company by such Member, the Liquidator, consistent with its other obligations hereunder, shall endeavor to sell or distribute (as the case may be) such Transmission Facilities to such Member.

All distributions in kind to Members shall be made subject to the liability of each distributee for costs, expenses, and liabilities theretofore incurred or for which the Company has committed prior to the date of termination and those costs, expenses, and liabilities shall be allocated to the distributee pursuant to this Section 9.2. The distribution of cash and/or property to a Member in accordance with the provisions of this Section 9.2 constitutes a complete return to the Members of their Capital Contributions and a complete distribution to the Members in respect of their Units and all the Company's property and constitutes a compromise to which all Members have consented within the meaning of Section 18-502(b) of the Act. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

Section 9.3. Deficit Capital Accounts. No Member will be required to pay to the Company, to any other Member or to any other Person any deficit balance which may exist from time to time in the Member's Capital Account.

Section 9.4. Certificate of Cancellation. On completion of the preceding actions, the Managing Member shall cause to be filed a Certificate of Cancellation with the Secretary of State of Delaware, cancel any other filings made pursuant to Section 2.5, and take such other actions as may be necessary to terminate the existence of the Company.

ARTICLE X
DISPUTE RESOLUTION

Section 10.1. Negotiations. If a dispute between any two or more Parties arises out of or relates to this Agreement, any such Party may notify each other Party that it intends to initiate the dispute resolution procedures set forth herein. Immediately upon the receipt of such notice, the Party sending the notice and each other Party receiving the notice shall refer such dispute to a senior executive officer (the "SEOs") of each such Party for consultation and advice prior to the commencement of the arbitration proceedings. The SEOs shall meet in person or by teleconference as soon as mutually practicable to consider such matters. If the SEOs fail to resolve such dispute or controversy within thirty (30) days of such notice being sent, any Party to the dispute may declare the consultation procedure set forth in this Section 10.1 terminated, whereupon this dispute or controversy shall be referred to arbitration pursuant to Section 10.2.

Section 10.2. Arbitration. Except as provided in Section 10.3, if a dispute between any two or more Parties arises out of or relates to this Agreement or to the relationship between the Parties created by this Agreement, and such Parties have not successfully resolved such dispute through negotiation on or before the thirtieth (30th) day following the notice referred to in Section 10.1, then such dispute shall be resolved according to this Section 10.2. If such dispute is subject to the jurisdiction of the Commission, then any Party to the dispute may, within sixty (60) days of the notice referred to in Section 10.1, bring such dispute before the Commission for resolution. If no Party brings the dispute before the Commission within sixty (60) days of the notice referred to in Section 10.1, or if the dispute is not subject to the jurisdiction of the Commission, then such dispute shall be resolved by binding arbitration ("Arbitration") under the following provisions.

(a) All Claims To Be Arbitrated. Except as provided in the immediately preceding sentence and in Sections 10.2(1), 11.8(a) and 11.15(a), any and all claims, counterclaims, demands, causes of action, disputes, controversies and other matters in question arising out of or relating to this Agreement, any provision hereof, the alleged breach hereof, or in any way relating to the subject matter hereof or the relationship between the Parties created hereby, involving the Parties ("Claims"), shall be finally resolved by binding arbitration by a panel of arbitrators under the Commercial Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") to the extent not inconsistent with the provisions of this Agreement, regardless of whether some or all of such Claims allegedly (i) are extra-contractual in nature, (ii) sound in contract, tort, or otherwise, (iii) are provided by federal or state statute, common law or otherwise or (iv) seek damages or any other relief, whether at law, in equity or otherwise.

(b) Referral of Claims to Arbitration. Subject to Section 10.1, one or more Parties may refer a Claim to arbitration (the "Claimant Party") by providing notice (an "Arbitration Notice") to each other Party or Parties against which the Claim is asserted (whether one or more parties, the "Respondent Party") in the manner set forth in the Arbitration Rules. The Arbitration Notice must include a general description of the Claim and shall identify all Respondent Parties and the reasons for asserting the Claim against each Respondent Party. The Arbitration is commenced between the Claimant Party and the Respondent Party ("Dispute Parties") by sending the Arbitration Notice to the Respondent Party.

(c) Stay for Commission Proceedings; Effect of Commission Orders. Following commencement of the Arbitration, if a Party other than a Dispute Party institutes a proceeding before the Commission that involves one or more of the Dispute Parties and the relief sought in that proceeding would require the Commission to resolve one or more issues presented in the Arbitration (a "Related Proceeding"), then the Dispute Parties agree that the Arbitration shall be stayed during the pendency of such Related Proceedings. The Dispute Parties further agree that the Commission's resolution in Related Proceedings of any issue that is also presented in the Arbitration shall be and is final and binding as to that issue in the Arbitration.

(d) Number and Qualification of Arbitrators. The panel of arbitrators (the "Panel") shall consist of three arbitrators appointed in accordance with this
Section 10.2 and the Arbitration Rules. Arbitrators shall meet the qualifications for arbitrators established by the AAA and, in addition, shall have significant experience in the electric industry and/or significant experience as an arbitrator in complex commercial matters. The arbitrators shall each take an oath of neutrality.

(e) Appointment of Arbitrators. By the fifteenth (15th) day following the day on which the Arbitration Notice is sent to the Respondent Party, the Claimant Party shall submit its appointment of the first arbitrator to the Respondent Party and the AAA. If the Claimant Party consists of more than one Party, then those Parties shall jointly appoint the first arbitrator. By the fifteenth (15th) day following the appointment of the first arbitrator, the Respondent Party shall submit its appointment of the second arbitrator to the Claimant Party and the AAA. If the Respondent Party consists of more than one Party, then those Parties shall jointly appoint the second arbitrator. The two arbitrators appointed by the Dispute Parties shall appoint a third arbitrator, who shall be the chairperson of the Panel, by the fifteenth (15th) day following the appointment of the second arbitrator. If the second arbitrator has not been appointed by the fifteenth (15th) day following the appointment of the first arbitrator, or if the first two arbitrators have not appointed the third arbitrator by the fifteenth (15th) day following the appointment of the second arbitrator, any Dispute Party may request the AAA to appoint the arbitrator(s) in question. If any arbitrator resigns, becomes incapacitated, or otherwise refuses or fails to serve or to continue to serve as an arbitrator, the Dispute Party or arbitrators entitled to designate that arbitrator shall promptly designate a successor. In the event that either of the Claimant Party or the Respondent Party consist of more than one Party and those Parties are unable to agree on the appointment of an arbitrator, then all three arbitrators shall be appointed by the AAA; provided, however, that the arbitrators so appointed shall meet the qualifications set forth in Section 10.2(d).

(f) Governing Law. In deciding the substance of the Parties' Claims, the arbitrators shall first rely upon the provisions of this Agreement and shall then apply the substantive laws governing this Agreement pursuant to Section 11.2.

(g) Powers of the Arbitrators; Limitations On Remedies. The validity, construction and interpretation of this agreement to arbitrate, and all procedural aspects of the arbitration conducted pursuant to this agreement to arbitrate, including the determination of the issues that are subject to arbitration (i.e., arbitrability), the scope of the arbitrable issues, allegations of "fraud in the inducement" to enter into this Agreement or this arbitration provision, allegations of waiver, laches, delay or other defenses to arbitrability, and the rules governing the conduct of the

arbitration (including the time for filing an answer, the time for the filing of counterclaims, the times for amending the pleadings, the specificity of the pleadings, the extent and scope of discovery, the issuance of subpoenas, the times for the designation of experts, whether the arbitration is to be stayed pending resolution of related litigation involving third parties not bound by this arbitration agreement, the receipt of evidence and the like), shall be decided by the arbitrators to the extent not provided for in this Article X. The arbitrators shall decide the Claims based on this Agreement, the Arbitration Rules, and the governing law, and not ex aqueo et bono, as amiable compositeurs, or in equity. The arbitrators shall not have the power to award any of those remedies which are precluded by Section 11.8. The arbitrators shall also have the power to enter such interim orders as they deem necessary, including orders to preserve the subject matter of the Claim or to preserve or adjust the status of the Parties pending resolution of the Claim in the Arbitration. The chairperson is empowered to issue interim order on his own authority in emergency situations and where necessary to ensure the efficient administration of the Arbitration on application from a Dispute Party, which orders shall remain in effect until a meeting of all arbitrators may be convened to consider the application. The arbitrators shall have the power to assess the attorneys' fees (in accordance with Section 11.9), costs and expenses of the Arbitration (including the arbitrators' fees and expenses) against one or more of the Parties in whatever manner or allocation the arbitrators deem appropriate.

(h) Venue; Procedural Issues. The seat of the Arbitration shall be New York, New York, or such other place as the Dispute Parties may agree. The arbitrators shall set the date, the time and the place of the hearing, which must commence on or before the one hundred twentieth (120th) day following the designation of the third arbitrator. All decisions of the three arbitrators shall be made by majority vote. In determining the extent of discovery, the number and length of depositions and all other pre-hearing matters, the arbitrators shall endeavor, to the extent possible, to streamline the proceedings and minimize the time and cost of the proceedings. There shall be no transcript of the hearing. The final hearing shall not exceed ten (10) business days, with the Claimant Party and Respondent Party each granted one-half of the allocated time to present its case to the arbitrators. All proceedings conducted hereunder and the decision of the arbitrators shall be kept confidential by the arbitrators, the AAA and any Persons participating in the Arbitration.

(i) Additional Claims. After the Arbitration has commenced and the Panel has been appointed, if a further Claim arises under this Agreement that is not successfully settled pursuant to Section 10.1, and the further Claim (an "Additional Claim") is related to the Claim in the Arbitration or involves the same Dispute Parties, then any Party to the Additional Claim may ask the Panel to accept jurisdiction over the Additional Claim and include it in the Arbitration by submitting an Arbitration Notice in the manner set forth in
Section 10.2(b) (an "Additional Arbitration Request") and submitting a concurrent request to the Panel to accept the Additional Claim. The Parties agree that the Panel should accept jurisdiction over an Additional Claim if the resolution of the Claim before the Panel will involve some or all of the same legal and factual issues presented by the Additional Claim or if accepting jurisdiction over the Additional Claim would facilitate or help minimize the costs of resolving the disputes at issue and not unduly delay the Arbitration. The Parties agree, however, that the Panel alone shall determine whether it should accept jurisdiction over an Additional Claim and that its determination shall be final and unappealable. If the Panel refuses jurisdiction over the Additional Claim, then the Additional Arbitration Request shall constitute a separate request for arbitration, which shall proceed

independently and under this Section 10.2 as if filed on the date the Panel denied the request to accept jurisdiction. So long as there is no pending Additional Arbitration Request to the Panel to accept jurisdiction, any Party to an Additional Claim may commence a separate arbitration proceeding in the manner set forth in this Section 10.2.

(j) Arbitration Awards. The arbitrators shall render their award on or before the thirtieth (30th) day following the last session of the hearing fully resolving all Claims that are the subject of the Arbitration. The award shall be in writing, shall give reasons for the decision(s) reached by the arbitrators and shall be signed and dated by the arbitrators, and a copy of the award shall be delivered to each of the Dispute Parties. A Party against which the award assesses a monetary obligation or enters an injunctive order shall pay that obligation or comply with that order on or before the thirtieth (30th) calendar day following the receipt of the award or by such other date as the award may provide. Any award of the arbitrators shall be consistent with the limitations and terms of this Agreement. The arbitrators' award may be confirmed in, and judgment upon the award entered by, any court having jurisdiction over the Parties.

(k) Binding Nature. The decisions of the arbitrators shall be final and binding on the Parties and non-appealable to the maximum extent permitted by Law.

(l) Assistance of Courts. It is the intent of the Parties that the Arbitration shall be conducted expeditiously, without initial recourse to the courts and without interlocutory appeals of the arbitrators' decisions to the courts. Notwithstanding any other provision of this Agreement, however, a Party may seek court assistance in the following circumstances: (i) if a Party refuses to honor its obligations under this agreement to arbitrate, any other Party may obtain appropriate relief compelling arbitration in any court having jurisdiction over the refusing Party, and the order compelling arbitration shall require that the arbitration proceedings take place in Washington, D.C., and in the manner specified herein, (ii) a Dispute Party may apply to any state or federal court having relevant jurisdiction for orders requiring witnesses to obey subpoenas issued by the arbitrators, including requests for documents and
(iii) a Party may apply at any time before or during the Arbitration to any court having relevant jurisdiction for an order preserving the status quo ante and/or evidence in anticipation of arbitration (for avoidance of doubt, preservation of the status quo ante includes an order compelling a Party to continue to fulfill an obligation under this Agreement or to refrain from taking an action that would constitute a default under this Agreement; for further avoidance of doubt, such an application to the courts is not intended to and does not constitute waiver of the right to arbitrate Claims, nor does it refer any Claim to court for decision). The Parties agree to comply with any interim order issued by the arbitrators or by the chairperson. Any and all of the arbitrators' orders and decisions, including interim orders, may be enforced by any state or federal court having jurisdiction. Each Party agrees that arbitration pursuant to this Section 10.2 shall be the exclusive method for resolving all Claims and that it will not commence an action or proceeding, except as provided in this Section 10.2.

Section 10.3. Arbitration of Certain Claims Regarding Removal of Managing Member. If a Super Majority of Transmission Owners shall have attempted to remove the Managing Member for Cause pursuant to Section 6.1(b)(ii) of this Agreement, and the Managing Member disputes whether Cause for removal exists (a "Removal Claim"), then the issue of whether Cause exists immediately shall be referred to and resolved by binding arbitration ("Removal

Arbitration") according to this Section 10.3. The Removal Claim shall be finally resolved by one arbitrator appointed in accordance with this Section 10.3 and the Arbitration Rules to the extent not inconsistent with the provisions of this Agreement. The Expedited Procedures of the Arbitration Rules shall be used unless the arbitrator determines that they would be inappropriate. The arbitrator shall take an oath of neutrality.

(a) Application to Removal Claim; Relation to Other Claims. Any dispute other than a Removal Claim must be resolved in a separate Arbitration pursuant to Section 10.2. A Removal Arbitration may not be joined to or consolidated with an Arbitration without the consent of all parties in the Removal Arbitration and the Arbitration(s). The decision of the arbitrator on a Removal Claim shall be final and conclusive and bind any arbitrators in an Arbitration commenced under
Section 10.2.

(b) Referral of Claims to Arbitration. A Managing Member who receives a written notice of removal as contemplated in Section 6.1(b)(ii) (a "Removal Notice"), and who disputes that Cause for removal exists or a Member or NDTO upon receipt of notice from the Managing Member that it disputes that Cause exists (the "Removal Claimant"), may refer a Removal Claim to Removal Arbitration by providing notice (a "Notice of Removal Dispute") to the Managing Member, all Members and all NDTOs that are not the Removal Claimant (whether one or more parties, the "Removal Respondent Party"), in the manner set forth in the Arbitration Rules. The Notice of Removal Dispute also must contain a list of five (5) proposed arbitrators. The Removal Arbitration is commenced between the Removal Claimant and the Removal Respondent Party ("Removal Dispute Parties") by sending the Notice of Removal Dispute to the Removal Respondent Party.

(c) Appointment of Arbitrator. Within ten (10) days of delivery of the Notice of Removal Dispute, the Removal Respondent Party shall deliver to the Removal Claimant and the AAA a list of five (5) proposed arbitrators. If the lists provided by the Removal Claimant and the Removal Respondent Party both contain a common proposed arbitrator, such person shall be selected as arbitrator; otherwise, the AAA shall appoint the arbitrator according to the procedures contained in the Arbitration Rules. If the arbitrator resigns, becomes incapacitated, or otherwise refuses or fails to serve or to continue to serve as an arbitrator, the Removal Dispute Parties shall promptly designate a successor using the procedures established in this Section 10.3. An arbitrator appointed pursuant to this Section 10.3(c) may not also be appointed as an arbitrator pursuant to Section 10.2.

(d) Governing Law. In deciding the substance of the Removal Claims, the arbitrator shall first rely upon the provisions of this Agreement and shall then apply the substantive laws governing this Agreement pursuant to Section 11.3.

(e) Powers of the Arbitrators; Limitations On Remedies. The arbitrator in a Removal Arbitration shall decide solely the Removal Claim, and shall have no power to decide any other Claim. The arbitrator shall decide the Removal Claim based on this Agreement, the Arbitration Rules, and the governing law, and not ex aqueo et bono, as amiable compositeur, or in equity. The arbitrator shall have the power to assess the attorneys' fees (in accordance with Section 11.11), costs and expenses of the Removal Arbitration (including the arbitrators' fees and

expenses) against one or more of the Parties in whatever manner or allocation the arbitrator deems appropriate.

(f) Venue; Procedural Issues. The seat of the Removal Arbitration shall be New York, New York, or such other place as the Removal Dispute Parties may agree. The arbitrator shall set the date, the time and the place of the hearing, which must commence on or before the thirtieth (30th) day following the appointment of the arbitrator. There shall be no transcript of the hearing. The final hearing shall not exceed ten (10) business days, with the Removal Claimant and Removal Respondent Party each granted one-half of the allocated time to present its case to the arbitrator. All proceedings conducted hereunder and the decision of the arbitrator shall be kept confidential by the arbitrator, the AAA and any Persons participating in the Removal Arbitration.

(g) Arbitration Awards. The arbitrator shall render his award on or before the tenth (10th) day following the hearing(s) on the Removal Claim. The award shall be in writing, shall give a reasonably detailed description of the reasons for the decision(s) reached by the arbitrator and shall be signed and dated by the arbitrator, and a copy of the award shall be delivered to each of the Removal Dispute Parties. Any award of the arbitrator shall be consistent with the limitations and terms of this Agreement. The arbitrator's award may be confirmed in, and judgment upon the award entered by, any court having jurisdiction over the Parties.

ARTICLE XI
GENERAL

Section 11.1. Not for Benefit of Third Parties. This Agreement is intended to be solely for the benefit of the Members, their successors and permitted assignees, and is not intended to and shall not confer any rights or benefits on any Person not a signatory hereto.

Section 11.2. GOVERNING LAW. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE, WITHOUT REFERENCE TO THE CHOICE OF LAW PRINCIPLES THEREOF, EXCEPT THAT THE TERMS GROSS NEGLIGENCE AND WILLFUL MISCONDUCT SHALL BE INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

Section 11.3. Effect of Waiver. No waiver by a Member of any one or more defaults by another party hereto or the Company in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of alike or different character.

Section 11.4. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, notwithstanding that all of the Members are not signatories to the original or to the same counterpart.

Section 11.5. Entire Agreement. This Agreement constitutes the entire agreement between the Members and the Company pertaining to the subject matter hereof and supersedes all prior agreements, representations and understandings, written or oral, pertaining thereto,

including that certain letter of intent dated as of June 20, 2002 among NGUSA and the Original GridAmerica Companies.

Section 11.6. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of that provision in any other jurisdiction.

Section 11.7. Notices. Every notice, request, or other statement to be made or delivered to a Member or the Company pursuant to this Agreement shall be directed to such Member's representative at the address or facsimile number for such Member set forth on Schedule A or to such other address or facsimile number as the Member may designate by written notice to the Company and each other Member from time to time. All notices or other communications required or permitted to be given pursuant to this Agreement must be in writing and will be considered as properly given if sent by facsimile transmission (with confirmation notice sent by first class mail, postage prepaid), by reputable nationwide overnight delivery service that guarantees next business day delivery, by personal delivery, or, if mailed from within the United States, by first class United States mail, postage prepaid, registered or certified with return receipt requested. Any notice hereunder will be deemed to have been duly given (i) on the date personally delivered, (ii) when received, if sent by certified or registered mail, postage prepaid, return receipt requested or if sent by overnight delivery service; and (iii) if sent by facsimile transmission, on the date sent, provided confirmation notice is sent by first-class mail, postage prepaid promptly thereafter.

Section 11.8. Remedies; Limitation on Damages; Indemnification.

(a) Specific Performance. The Members agree that a default under this Agreement will result in irreparable damage to the non-defaulting Members for which no money damages could adequately compensate. In addition to all other remedies to which the non-defaulting Members may be entitled, including reasonable attorneys' fees and expenses pursuant to Section 11.9 and court costs, any non-defaulting Member shall be entitled to seek injunctive relief or specific performance to restrain or compel the defaulting Member or the Company. Each of the Members and the Company expressly waives any claim that an adequate remedy at law exists for such a breach.

(b) Remedies Upon Early Termination Event. If a Managing Member ceases to serve as Managing Member, the Managing Member shall forfeit, and the Company shall not be obligated to pay, the unearned amount of the Management Fee or any incentive compensation.

(c) All Other Remedies. No right or remedy herein conferred is intended to be exclusive of any other available right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to every other right or remedy given hereunder or hereafter existing under law or in equity. The exercise of any one right or remedy shall not be deemed an election of such right or remedy or preclude the exercise of any other right or remedy. The resort to any right or remedy provided for herein or provided for by law or in equity shall not prevent the concurrent or subsequent employment of any other right or remedy.

(d) Limitation on Damages. Notwithstanding anything in this Agreement to the contrary:

(i) No Person shall be liable under this Agreement to any other Person for indirect, consequential, special or punitive damages on account of any action or proceeding brought hereunder or related hereto; and

(ii) The Managing Member shall be liable under this Agreement only as provided in Section 11.8(e) or in the case of the Gross Negligence or Willful Misconduct of the Managing Member.

(e) Indemnification by Managing Member.

(i) The Managing Member shall indemnify and hold harmless each Member from all Damages suffered or incurred by such Member and arising out of or caused by any breach by the Managing Member of Section 6.5; provided, however, that, except as hereinafter provided, the Initial Member (as Managing Member) shall not be liable for Damages from any claim or series of related claims involving a breach of Section 6.5 (i) unless such Damages exceed $150,000 in the aggregate, and then only to the extent that such Damages exceed $150,000 or (ii) if and to the extent that the Damages arising from any claim or series of related claims occurring in any calendar year plus all Managing Member Payments with respect to all other claims occurring in such calendar year are greater than the Liability Cap Amount for such calendar year. Notwithstanding the foregoing, none of the limitations on liability contained in this Section 11.8(e)(i) shall apply in respect of any Damages arising out of Gross Negligence or Willful Misconduct (and the Managing Member shall be fully liable for any breach of any provision of this Agreement arising out of or caused by Gross Negligence or Willful Misconduct or breaches by the Managing Member of its obligations under Section 4.1 or 4.2). To the extent that a claim asserted against the Managing Member relates to Damages suffered by more than one Member, then the Member that asserted such claim and such other Members shall share the indemnification payments made by the Managing Member in respect thereof in proportion to the Damages suffered by each.

(ii) For the avoidance of doubt, the Managing Member shall have no indemnification obligation under Section 11.8(e)(i) with respect to Damages arising out of any claim occurring in any calendar year involving any Good Business Practice Breach to the extent that the amount of such Damages in respect of such claim plus all Managing Member Payments with respect to all other claims occurring in such calendar year is greater than the Liability Cap Amount for such calendar year.

(f) "Managing Member Payments" means, with respect to any calendar year, the sum of the following determined as of the time in question:

(i) the aggregate amount of all indemnification payments actually made by the Managing Member under Section 11.8(e)(i) (excluding payments made out of insurance proceeds) with respect to claims occurring in such calendar year with respect to breaches of Sections 6.5(i), (ii), (iv) and
(v) ("Good Business Practice Breaches"); plus

(ii) the aggregate amount of all Damages actually paid or due and payable by the Managing Member (excluding payments made out of insurance proceeds and excluding the application of any indemnification payments from the Company pursuant to Section 11.8(h)(ii)) with respect to Third Party Claims (other than claims by the Members pursuant to Section 11.8(e)(i)) occurring in such calendar year to the extent such claims involve Good Business Practice Breaches;

provided, however, that no amount paid by the Managing Member as a result of Gross Negligence or Willful Misconduct shall constitute a Managing Member Payment and no amount paid to any Person, other than amounts paid to a Protected Member in its capacity as Protected Member, shall constitute a Managing Member Payment. For purposes of determining the amount of the Managing Member Payments in respect of any calendar year, a claim shall be deemed to have occurred in such calendar year if the facts, circumstances or events which first gave rise to Damages occurred during such calendar year, regardless of when the claim was asserted or when any particular element of such Damages was incurred.

(g) Notice, Joinder of Claims. Any Member asserting a claim for damages against the Company or the Managing Member shall, promptly after the initiation of such claim, give notice thereof to the other Members and to each Non-Divesting Transmission Owner, which notice must include a reasonably detailed description of the basis for such claim. The Company and each Member agree that if any NDTO asserts a claim against the Company arising out of the same facts and circumstances that give rise to the claim by the Member or Members asserting a claim against the Managing Member pursuant to Section 11.8(e), such claim may, at the written request of such NDTO received by the Company within thirty (30) days of the date on which such NDTO received notice of the initiation of such claim, be consolidated with, and determined in the same proceeding as the claim for indemnity asserted against the Managing Member pursuant to Section 11.8(e).

(h) Indemnification by the Company.

(i) Except as otherwise provided with respect to the Managing Member pursuant to Section 11.8(e)(i), no Member or former Member shall be liable, accountable or responsible for Damages or otherwise to the Company or the other Members for any action taken or failure to act to the extent such action is taken or such failure to act was made by such Member in good faith on behalf of the Company and within the scope of the authority conferred on the Member by this Agreement or by Law unless any such action or omission, was performed or omitted in bad faith or constituted Gross Negligence or Willful Misconduct.

(ii) The Company shall, but only to the extent of its assets, indemnify and hold harmless each Member (including the Managing Member) and each officer, director, employee, partner or controlling person of each Member (collectively, the "Indemnified Parties") from and against any Damages paid or due and payable to a third-party and reasonable costs and expenses of defending any claim by any third-party that are suffered or sustained by such Indemnified Party and resulting from any claim by a third-party by reason of any acts, omissions or alleged acts or omissions arising out of such Member's activities as a Member ("Third Party Claims"), including as Managing Member;

provided, however, such indemnity does not extend to Damages arising out of any action or inaction of the Member or Indemnified Party (i) taken in bad faith or (ii) that constitutes Gross Negligence or Willful Misconduct or a breach of Section 4.1 or 4.2. Additionally, and notwithstanding anything to the contrary, the Company shall have no obligation to indemnify the Managing Member with respect to any Third Party Claim occurring in any year involving any Good Business Practice Breach to the extent the Damages paid or due and payable by the Managing Member in respect of such Third Party Claim plus all Managing Member Payments with respect to other claims occurring in such calendar year are less than the Liability Cap Amount for such calendar year.

(iii)The Company shall have the right to assume the defense in any action or claim with respect to which it is indemnifying an Indemnified Party hereunder.

(j) Survival. The obligations of a Person who ceases to be Managing Member shall survive such Person's resignation or removal with respect to any claims arising prior to such Person's resignation or removal.

Section 11.9. Attorneys' Fees. In any dispute arising hereunder, the party prevailing at final judgment shall be entitled to recover from the other party all of its reasonable attorneys' fees and costs incurred in such a proceeding, in addition to any affirmative or injunctive relief that it may receive.

Section 11.10. Time is of the Essence. Time is of the essence of each provision of this Agreement.

Section 11.11. Amendments to this Agreement.

(a) General. This Agreement may be amended, modified or otherwise supplemented upon the affirmative approval of a Majority of Class A Members; provided, however, that the foregoing notwithstanding, in no event shall this Agreement (i) be amended, modified or otherwise supplemented to require any Member to make any additional Capital Contribution to the Company without that Member's prior written consent, (ii) be amended, modified or otherwise supplemented (or any provision hereof be waived) in a manner that would adversely affect a Member's preferences or rights as a Member in any material respect (including any rights to indemnification) or the effect of which (A) is that the Company is able to enter into or engage in a transaction, contract, agreement or arrangement that would have contravened this Agreement prior to such amendment or (B) impairs the ability to carry out the Permitted Purposes, unless, in each such case, the affirmative written approval of a Super Majority of Non-Managing Members is obtained prior to such amendment or waiver or (iii) be amended, modified or otherwise supplemented (or any provision hereof be waived) that would alter the rights or obligations of the Managing Member solely in its capacity as Managing Member without the affirmative written consent of the Managing Member.

(b) Amendments Admitting New Members. The Managing Member is authorized to amend this Agreement without the consent or joinder of any Member for the purpose of admitting new Members and/or recognizing transferees of Units and for providing for the issuance thereto of new Units or the Transfer thereto of Transferred Units, as the case may be, in

all cases, subject to and in accordance with Sections 3.1(b) and 3.1(c) in the case of new Members and Section 3.3 in the case of transferees (including amending Schedule A to reflect the admission of such new Member, the number of Units issued or transferred and the Capital Contribution, if any, being made) and adding a Ratification Agreement to this Agreement in accordance with Sections 3.1(b), 3.1(c) or 3.3, as the case may be.

(c) Amendments Upon Removal of Managing Member. In the event the Managing Member is removed as a result of an Early Termination Event and a successor Managing Member is not admitted to the Company within fifteen (15) days following such removal, a Super Majority of Non-Managing Members (or if there are no holders of Units other than the Managing Member and its Affiliates, a Super Majority of Transmission Owners) may amend Article VI and other provisions relating to the management of the Company for the purpose of providing for a management structure for the Company that is consistent with applicable Law, including Order 2000.

(d) Notice of Amendments. Written copies of any agreement that proposes to amend this Agreement (other than pursuant to Section 11.11(b)), accompanied by a notice that describes the approval process that is proposed to be observed in adopting such amendment, must be delivered to each Member promptly, and in any event, no fewer than ten (10) days prior to the proposed effectiveness of such amendment. Notice of an amendment to this Agreement that describes a new Member or transferee of Units (as the case may be), any Capital Contribution received by the Company and any Units issued by the Company must be delivered to each Member promptly after an amendment pursuant to Section 11.11 (b).

Section 11.12. Waiver of Partition. Each of the Members hereby irrevocably waives any and all rights that such Member may have to maintain any action for partition of any of the Company's property.

Section 11.13. Successors and Assigns. Except as otherwise specifically provided herein, this Agreement shall be binding upon, and inure to the benefit of, the Members and their legal representatives, heirs, administrators, executors, successors and assigns.

Section 11.14. Additional Documents. Subject to the provisions of this Agreement, each Member agrees to execute, with acknowledgment or affidavit, if necessary, any and all documents and writings that may be reasonably required, necessary or expedient in connection with the creation of the Company and the achievement of its purposes, including all such certificates, tax statements, tax returns, and other documents as may be required of the Company or its Members by the Laws of the United States or any jurisdiction in which the Company plans to conduct business.

Section 11.15. Fair Market Value.

(a) Valuation Procedure. Whenever used in this Agreement, "Fair Market Value" means, with respect to the valuation of any property, the value of such property at the time in question as determined in good faith by the interested parties; provided, however, that if such parties fail to agree in writing upon the value of such property before the earlier of (i) twenty

(20) days after the first request to make such a determination or (ii) the date sixty (60) days prior to the transaction in question, then the following shall apply:

(i) Each interested party shall select a nationally recognized investment banking firm to make such determination on such interested party's behalf in accordance with the standards, procedures and assumptions set forth in this Section 11.15. Each interested party shall pay all of the fees and expenses of the investment banking firm selected by it (each such firm being referred to as an "Interested Party Valuation Firm"). Each interested party promptly shall make available to each other and any investment banking firms involved in such process such information as is reasonably necessary to reach a Fair Market Value determination. Each Interested Party Valuation Firm shall determine its proposed fair market value of the property being valued.

(ii) If the proposed fair market values determined by the Interested Party Valuation Firms are within 10% of each other, then "Fair Market Value" shall mean the average of such proposed fair market values.

(iii)If the proposed fair market values determined by the Interested Party Valuation Firms are not within 10% of each other, then the Interested Party Valuation Firms shall select a third nationally recognized investment banking firm (the "Neutral Valuation Firm"), which shall be paid for equally by both interested parties. (If the Interested Party Valuation Firms fail to appoint a Neutral Valuation Firm within twenty (20) days of the date the last of the Interested Party Valuation Firms rendered its opinion of fair market value, then either interested party may apply to any court or arbitration panel having jurisdiction to make such appointment.) The Neutral Valuation Firm shall also propose a fair market value for the property being valued. If:

(a) the fair market value proposed by the Neutral Valuation Firm is higher than the fair market values proposed by both Interested Party Valuation Firms, then "Fair Market Value" shall mean the higher of the two fair market values proposed by the Interested Party Valuation Firms;

(b) the proposed fair market value determined by the Neutral Valuation Firm is lower than the fair market values proposed by both Interested Party Valuation Firms, then "Fair Market Value" shall mean the lower of the two fair market values proposed by the Interested Party Valuation Firms; and

(c) the fair market value proposed by the Neutral Valuation Firm is between the fair market values proposed by both Interested Party Valuation Firms, then "Fair Market Value" shall mean the fair market value proposed by the Neutral Valuation Firm.

(iv) In any case where an investment banking firm is required to render an opinion of fair market value, such opinion shall be rendered within 30 days of being engaged.

(b) General Principles of Application. The following principles shall apply generally to any determination of "fair market value" under Section 11.15(a), whether such determination is made by the interested parties or by an investment banking firm:

(i) Fair market value shall mean the price at which the property in question would change hands between a willing buyer and a willing seller, neither being under any compulsion and both having reasonable knowledge of the relevant facts, including the relevant regulatory policies and, where the item in question is an interest, or a group of assets used, in a business, such item shall be valued based on its going-concern value.

(ii) Any expected tax benefits of either interested party shall be considered in determining fair market value.

(iii)In computing the fair market value of a Unit or group of Units, such values shall be determined by reference to the fair market value of the Company and the presence or absence of voting or control rights shall be ignored.

(iv) All property will be valued on a stand-alone basis without regard to any expected cost savings or other synergies resulting from any proposed transaction. Notwithstanding the foregoing, (i) if as a result of the failure of a Putting GridAmerica Company to include in its Contributed Transmission Facilities all Transmission Facilities necessary or reasonably appropriate to operate the Contributed Transmission Facilities in the manner in which such Transmission Facilities were operated immediately prior to the determination of the fair market value of such Transmission Facilities, the cost to the Company of replacing those omitted Transmission Facilities shall be taken into account in determining Fair Market Value and
(ii) the economic and operational effect of any assets or contractual arrangements for the provision of services offered by a Putting GridAmerica Company in connection with the exercise of any Put Right shall be taken into account in determining the fair market value of any Contributed Transmission Facilities.

(c) Participation by Managing Member. When the Fair Market Value to be determined is in connection with a contribution of assets to the Company by the Managing Member or one of its Affiliates, the Members other than the Managing Member and its Affiliates acting collectively will represent the interests of the Company in such valuation process.

Section 11.16. Late Payments. If a Party does not pay within ten (10) days of the date required hereunder, all or any portion of an amount such Party is required to pay as provided in this Agreement then (i) the amount such owing Party is required to pay shall bear interest at (A) the sum of (I) a varying rate per annum that is equal to the interest rate publicly quoted by The Wall Street Journal, from time to time as the prime commercial or similar reference interest rate with adjustments in that varying rate to be made on the same date as any change in that rate plus (II) 2% per annum or (B) such lower rate required under applicable law, compounded annually and (ii) a Party to which payment is due may take any action, at the cost and expense of the owing Party to obtain payment by such owing Party of the portion of such owing Party's payment that is in default, together with interest thereon as provided above.

[signatures appear on next page]

IN WITNESS WHEREOF the Initial Member has executed this Agreement as of February 14, 2003.

GRIDAMERICA HOLDINGS INC.

By: \s\Nicholas P. Winser

Name: Nicholas P. Winser
Title: Chief Executive Officer

EXECUTION COPY

AMENDED AND RESTATED MASTER AGREEMENT

by and among

GRIDAMERICA LLC,

GRIDAMERICA HOLDINGS INC.

GRIDAMERICA COMPANIES

and

NATIONAL GRID USA

February 14, 2003

TABLE OF CONTENTS

ARTICLE I
DEFINITIONS

ARTICLE II
CREATION OF GRIDAMERICA ITC, MANAGING MEMBER; TRANSMISSION SERVICE DATE

ARTICLE III
PURCHASE OF UNITS BY NGUSA AFFILIATES

ARTICLE IV
EXCLUSIVITY

ARTICLE V
PUT OF TRANSMISSION FACILITIES

ARTICLE VI
REGISTRATION RIGHTS

ARTICLE XIII
MISCELLANEOUS

SCHEDULES

AMENDED AND RESTATED MASTER AGREEMENT

THIS AMENDED AND RESTATED MASTER AGREEMENT is made and entered into as of February 14, 2002, by and among GridAmerica LLC, a Delaware limited liability company (the "Company"), GridAmerica Holdings Inc., a Delaware corporation (the "Initial Member"), the Persons signing this Agreement as the GridAmerica Companies (the "Original GridAmerica Companies") and any other Person who may become a party hereto as a GridAmerica Company pursuant to Section 8.1 hereof (collectively, with the Original GridAmerica Companies, the "GridAmerica Companies") and National Grid USA ("NGUSA").

RECITALS

The United States Federal Energy Regulatory Commission (together with any successor agency, the "Commission") in Order No. 2000 called for the formation of regional transmission organizations to promote the creation of large electricity markets and to provide reliable, cost-efficient services to customers;

The Midwest Transmission System Operator, Inc. (the "Midwest ISO") is a Commission approved regional transmission organization.

On April 25, 2002, the Commission issued an order in Docket No. EL02-65 (99 FERC P. 61,105 (2002)) encouraging the formation of an independent transmission company ("ITC") within the Midwest ISO.

The Midwest ISO has an open architecture that accommodates various forms of ITC in its operation.

The GridAmerica Companies wish to comply with Order No. 2000 through the formation of an ITC within the Midwest ISO.

NGUSA is involved in the ownership and operation of transmission and distribution properties and seeks to further its overall business strategy by acquiring, owning and operating transmission and distribution properties, and divesting or otherwise disposing of electric generation businesses and assets or obligations relating thereto.

On October 31, 2002, (i) the Original GridAmerica Companies and NGUSA entered into a Master Agreement dated as of October 31, 2002 (the "Original Master Agreement"), (ii) the predecessor to the Initial Member, GridAmerica Holdings LLC, entered into the Limited Liability Company Agreement of the Company dated as of October 31, 2002 (the "Original LLC Agreement"), (iii) the Company and the Original GridAmerica Companies, or their applicable affiliates, entered into the Operation Agreement dated as of October 31, 2002 (the "Original Operation Agreement") and (iv) the Company and the Midwest ISO entered into the Appendix I ITC Agreement dated as of October 31, 2002 (the "Original MISO ITC Agreement") for a transaction that involves: (x) the formation of the Company as a for-profit ITC under the Midwest ISO and thereby to achieve compliance with Order No. 2000 and (y) NGUSA, through one or more of its affiliates, making an investment in and, through the Initial Member, serving as managing member of, the Company (collectively, the "Original Transaction");

On December 19, 2002, the Commission issued an order in Docket Nos. ER02-2233-001 and EC03-14-000 (101 FERC P. 61,320 (2002)) (the "FERC Approving Order") conditionally accepting for filing, suspending and making effective subject to future refund, future filings and further orders the Original Master Agreement, the Original LLC Agreement, the Original Operation Agreement and the Original MISO ITC Agreement.

The GridAmerica Companies, NGUSA, the Initial Member and the Company now desire to enter into this Agreement in order to set out certain terms of the transaction as modified in compliance with the FERC Approving Order (the Original Transaction as so modified is herein referred to as the "Transaction").

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties, and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree to amend and restate the Original Master Agreement in its entirety as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The following terms shall have the respective meanings set forth below when used in this Agreement (and grammatical variations of such terms shall have correlative meanings), unless otherwise expressly specified herein to the contrary:

"AAA" shall have the meaning given in Section 12.2(a).

"Additional Arbitration Request" shall have the meaning given in Section 12.2(i).

"Additional Claim" shall have the meaning given in Section 12.2(i).

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such Person. As used in this definition, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise); provided, however, that, in any event, any Person that owns directly or indirectly securities having at least a majority of the voting power for the election of directors or other members of the governing body of a corporation or at least a majority of the partnership or other ownership interests (that carry voting power) of any other Person will be deemed to Control such corporation or other Person.

"Affiliated Investor" shall mean (i) NGUSA or any NGUSA Affiliate and (ii) any Person in which NGUSA or any NGUSA Affiliate directly or indirectly owns at least a majority of the total equity value of such Person.

"Agreed Accounting Firm" shall mean PricewaterhouseCoopers LLP or another accounting firm mutually acceptable to NGUSA and the Company that is nationally recognized in the United States.

"Agreement" shall mean this Amended and Restated Master Agreement dated as of February 14, 2003, as it may be amended, modified or otherwise supplemented and in effect from time to time.

"Approval Order" shall mean one or more Final Orders that, collectively, approve the Transaction Agreements as to which the approval of the Commission is required under applicable Law, without modification or condition, other than any such modifications and conditions as would not, in the aggregate, cause a Party to fail to realize any material benefit which it reasonably anticipates from participation in the transactions contemplated by the Transaction Agreements.

"Approved Underwriter" shall have the meaning given in Section 6.1 (h)

"Approved Uses" shall have the meaning given in Section 13.9(a)(2).

"Arbitration" shall have the meaning given in Section 12.2.

"Arbitration Notice" shall have the meaning given in Section 12.2(b).

"Arbitration Rules" shall have the meaning given in Section 12.2(a).

"Business Day" shall mean any day other than Saturday, Sunday or other day on which banks are authorized or required to be closed in New York, New York.

"Capital Account" shall have the meaning given in the LLC Agreement.

"Capital Expenditures" shall mean any expenditures for fixed or capital assets that would be classified, in accordance with GAAP, as a capital expenditure.

"Cash Option" shall have the meaning given in Section 3.2(a)(3).

"Cause" shall have the meaning given in the LLC Agreement.

"Claimant Party" shall have the meaning given in Section 12.2(b).

"Claims" shall have the meaning given in Section 12.2(a).

"Class A Stock" and "Class B Stock" shall have the meanings given in Section 6.13(a).

"Class A Units" and "Class B Units" shall have the meanings given in the LLC Agreement.

"Clear Notification" shall have the meaning given in Section 6.4.

"Commission" shall have the meaning given in the recitals hereof.

"Company" shall have the meaning given in the preamble hereof.

"Company's Notification of Readiness" shall have the meaning given in Section 2.1(d).

"Confidential Information" means all confidential or trade secret information of a Disclosing Party provided to a Recipient pursuant to or in connection with any Transaction Agreement, including business information; strategies, methods, technical information, pricing techniques and strategies; customer information; investor information; price curves; positions, plans and strategies for expansion or acquisitions, budgets, customer lists, studies of information and data, electronic databases, computer programs, bids or proposals, organizational structure, compensation of personnel and new product information; provided, however, "Confidential Information" shall not include information that (i) was already known by (as established by dated documentation) a Recipient at the time of the receipt of such information by such Recipient from the Disclosing Party, (ii) is in, or subsequently enters, the public domain other than as a result of a disclosure by the Recipient in breach of an obligation of confidence, (iii) is received by the Recipient from a third party if such third party was not known to be subject to any confidentiality obligation, (iv) is independently developed by a Person without access to the Confidential Information provided by the Disclosing Party, (v) was or is furnished by a Disclosing Party to another Person without written confidentiality restrictions, or (vi) is approved for release by written authorization of the Disclosing Party.

"Consent" shall mean any authorization, consent, opinion, order, approval, license, franchise, ruling, permit, tariff, rate, certification, exemption, filing or registration from, by, or with any Governmental Authority, any Person or any governing body of any Person.

"Contributed Transmission Facilities" shall have the meaning given in Section 5.1(a).

"Damages" shall have the meaning given in Section 6.8(a).

"Demand Registration" shall mean an IPO Demand Registration or a Secondary Demand Registration.

"Disclosing Party" shall have the meaning given in Section 13.9.

"Dispute Parties" shall have the meaning given in Section 12.2(b).

"Distribution Rights" shall have the meaning given in Section 2.2(e).

"Effective Date" shall mean October 31, 2002.

"Encumbrance" shall mean (i) with respect to any Units or Shares, any security interest, lien, pledge, mortgage or other encumbrance, whether such encumbrance arises voluntarily, involuntarily or by operation of Law, other than restrictions on the sale or transfer thereof arising out of any Securities Laws or the Transaction Agreements and (ii) with respect to

any other asset, any security interest, lien, pledge or mortgage or any other material encumbrance, whether such encumbrance arises voluntarily, involuntarily or by operation of Law.

"Entity" shall mean a corporation, limited liability company, partnership, limited partnership, trust, firm, association or other organization which has a legal existence under the Laws of its jurisdiction of formation which is separate and apart from its owner or owners and any Governmental Authority.

"Equity Contribution Agreement" shall have the meaning given in Section 10.1(h).

"Equity Interests" shall mean, with respect to any Person, all capital stock, membership interests, general or limited partnership interests or similar interests in the equity of such Person.

"Excess Cash Amount" shall mean the sum of (i) the amount, if any, by which the aggregate amount of cash paid or delivered to the First Divestor in connection with the First Divestor Divestiture exceeds 20% of the total consideration paid or delivered to the First Divestor in connection with the First Divestor Divestiture plus (ii) the amount of aggregate purchases of Units by an Affiliated Investor pursuant to Section 3.2, prior to the date which is eighteen months after the Transmission Service Date, in connection with the exercise of a Put Right by a GridAmerica Company that is not an Original GridAmerica Company plus (iii) the amount, if any, by which the aggregate purchases of Units by an Affiliated Investor pursuant to Section 3.2, on and after the date which is eighteen months after the Transmission Service Date, in connection with the exercise of a Put Right by a GridAmerica Company that is not an Original GridAmerica Company exceeds $150,000,000.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time, and the rules and regulations promulgated thereunder.

"Excluded Employees" shall mean (i) each of the individuals identified on Schedule A hereto and any other individual (A) who was an employee of NGUSA or any NGUSA Affiliate (other than the Initial Member, the Company or any of their respective subsidiaries) for at least one (1) year prior to rendering services for or on behalf of the Managing Member or the Company, (B) who, at no time during the five (5) years prior to becoming employed by or providing services to NGUSA or any NGUSA Affiliate, was an employee of any Original GridAmerica Company or any Affiliate thereof and (C) who is transferred, seconded or otherwise made available to the Managing Member or the Company to serve in a senior executive or a senior or special technical position; provided, however, that (x) NGUSA shall provide the Company and each GridAmerica Company with notice of such Excluded Employee's status as such within 30 days of such individual's commencement of service with the Managing Member or the Company and
(y) at no time shall there be more than ten (10) Persons designated as Excluded Employees pursuant to this clause (i) and (ii) a reasonably limited number of employees of NGUSA or any NGUSA Affiliate (other than the Initial Member, the Company or any of their respective subsidiaries) that are seconded to the Company or the Managing Member for less than ninety (90) days.

"Exclusive Period" shall mean the period beginning on the Effective Date and ending on the earliest of (i) the date of closing of an IPO, (ii) the date on which the Initial Member ceases to be the Managing Member of the Company or
(iii) the fifth anniversary of the Transmission Service Date.

"Exclusivity Transaction" shall mean any transaction (including an asset sale, stock sale, merger, consolidation, or other combination) by or in respect of any GridAmerica Company pursuant to which ownership or control of all or any material portion of such GridAmerica Company's Transmission Facilities which are subject to the Functional Control of the Company pursuant to the Operation Agreement are transferred to another Person, but excluding any transaction, proposed transaction or negotiation (i) involving the transfer of such assets to an Affiliate of such GridAmerica Company, (ii) involving the ultimate parent entity of such GridAmerica Company and substantially all of its subsidiaries, provided that the overall business of such ultimate parent entity and subsidiaries is not the ownership and/or operation of GridAmerica Transmission Facilities, (iii) involving a lower level operating company with respect to which GridAmerica Transmission Facilities do not constitute all or substantially all of its assets, (iv) in which the assets to be transferred are not all or substantially all GridAmerica Transmission Facilities, (v) involving a transfer of such Transmission Facilities as collateral for a loan or in a similar financing transaction and any transfer thereof in lieu of foreclosure or (vi) which is in progress as of the Effective Date; provided, however, that, in the case of a transaction, proposed transaction or negotiation described in clause
(vi), (x) the GridAmerica Company has disclosed the transaction, proposed transaction or negotiation to NGUSA in writing on or before the Effective Date (without being required to disclose the identity of any other Person involved in such transaction, proposed transaction or negotiation) and (y) a definitive agreement in respect thereof is executed within six (6) months after the Effective Date.

"Fair Market Value" shall have the meaning given in Section 7.1.

"Favorable Opinion of Counsel" shall mean one or more opinions of counsel recognized as being competent to opine with respect to the matter as to which the opinion is being delivered in form and substance reasonably acceptable to the intended addressee(s) thereof covering such matters as may be reasonably requested by the intended addressee(s) thereof and as are customary in the context of similar transactions or situations, including, if applicable, opinions confirming the satisfaction of applicable Securities Laws; provided, however, such opinion may be subject to customary and reasonable qualifications and assumptions.

"FERC Approving Order" shall have the meaning given in the recitals hereof. "Final Order" shall mean an order issued by the Commission approving such of the Transaction Agreements as to which approval of the Commission is required under applicable Law.

"First Divestor" shall mean, collectively, the GridAmerica Company and any of its Affiliates that transfers GridCo East Transmission Facilities in the First Divestor Divestiture.

"First Divestor Divestiture" shall mean either (i) the acquisition by NGUSA or any NGUSA Affiliate of any GridCo East Transmission Facilities from the First Divestor under

circumstances where the Company contemporaneously or subsequently issues Units in exchange for some or all of such GridCo East Transmission Facilities or (ii) the issuance by the Company of Units to any Affiliated Investor in exchange for cash, which cash is used by the Company in connection with the acquisition of any GridCo East Transmission Facilities from the First Divestor, in each case, prior to the third anniversary of the Transmission Service Date but before any other GridCo East Company exercises its Put Right.

"Form S-3" shall mean such form under the Securities Act or any successor registration form under the Securities Act. subsequently adopted by the SEC which permits inclusion or incorporation by reference of substantial information by reference to other documents filed by GridAmerica HoldCo with the SEC.

"Functional Control" shall have the meaning given in the Operation Agreement.

"GAAP" shall mean United States generally accepted accounting principles, as in effect from time to time.

"Governmental Authority" or "Governmental" shall mean a federal, state, local or foreign governmental authority; a state, province, commonwealth, territory or district thereof; a county or parish; a city, town, township, village or other municipality; a district, ward or other subdivision of any of the foregoing; any executive, legislative or other governing body of any of the foregoing; any agency, authority, board, department, system, service, office, commission, committee, council or other administrative body of any of the foregoing; any court or other judicial body and any officer, official or other representative of any of the foregoing.

"GridAmerica HoldCo" shall have the meaning given in Section 6.13.

"GridAmerica ITC" shall mean the ITC created by the GridAmerica Companies and NGUSA pursuant to this Agreement, the LLC Agreement and the Operation Agreement.

"GridAmerica Transmission Facilities" shall mean those Transmission Facilities owned by a GridAmerica Company, over which the Company exercises Functional Control pursuant to the Operation Agreement.

"Gross Negligence" shall have the meaning given in the LLC Agreement.

"Incidental Registration" shall have the meaning given in Section 6.2.

"Indemnity Cap" shall have the meaning given in the Operation Agreement.

"Independent Transmission Company" or "ITC" shall have the meaning given in the preamble hereof.

"Initial Member" shall have the meaning given in the preamble hereof.

"Initial Public Offering" or "IPO" shall mean the first underwritten primary Public Offering of Shares under a registration statement filed by GridAmerica HoldCo under the Securities Act.

"Interested Parties" shall mean (i) in the case of the exercise of a Put Right by NGUSA or any Affiliated Investor, NGUSA (acting on behalf of itself or any affected Affiliated Investors) and the Company and (ii) in the case of the exercise of a Put Right by any other Person, such Person and the Managing Member; provided, however, that any determination by the Company in its capacity as an "Interested Party" shall be made by the Members (other than NGUSA and any Affiliated Investor), acting collectively on the basis of their Percentage Interests.

"Interested Party Valuation Firm" shall have the meaning given in Section 7.1(a).

"ITC Agreements" means (i) the LLC Agreement, (ii) the Certificate of Formation of the Company under the Delaware Limited Liability Company Act, (iii) the Operation Agreement and (iv) this Agreement.

"IPO Demand Registration" shall have the meaning given in Section 6.1(a).

"IPO Notice" shall have the meaning given in Section 6.1(b).

"Law" shall mean any applicable constitutional provision, statute, act, code, law, regulation, rule, ordinance, order, decree, ruling, proclamation, resolution, judgment, decision, declaration or interpretive or advisory opinion of a Governmental Authority.

"LLC Agreement" shall mean the Amended and Restated Limited Liability Company Agreement of the Company dated as of February 14, 2003, as it may be amended, modified or otherwise supplemented and in effect from time to time.

"Make-Ready Arrangements" shall mean the arrangements, contractual or otherwise, made by or entered into by or between the Company and the Midwest ISO pursuant to which each of the Company and the Midwest ISO acquires such services, intellectual property and other assets as are required for the Company to serve as an Independent Transmission Company within the Midwest ISO and for each of the Company and the Midwest ISO to perform its respective obligations under the Delineation of Functions (as defined in the MISO ITC Agreement).

"Managing Member" shall mean the managing member of the Company as designated in accordance with Section 6.1 of the LLC Agreement.

"Market Participant" shall mean a Person that is a "Market Participant" within the meaning of Order 2000, or any subsequent rule, regulation or order of the Commission establishing the requirements of independence for a Person managing an ITC exercising the functions and responsibilities that GridAmerica ITC will exercise under the MISO ITC Agreement.

"Maximum Section 3.1(a) Commitment" shall have the meaning given in Section 3.1(a).

"Member" shall mean any Person who is a member of the Company, including the Managing Member.

"Midwest ISO" shall have the meaning given in the recitals hereof.

"Midwest ISO's Notification of Readiness" shall have the meaning given in Section 2.1(e).

"MISO ITC Agreement" shall mean the Amended and Restated Appendix I ITC Agreement by and between the Midwest ISO and the Company dated as of February 14, 2003, as the same may be amended, modified or otherwise supplemented and in effect from time to time.

"Net Book Value" shall have the meaning given in Section 2.2(f)(2).

"Net Plant" or "net plant" shall mean, as of any date of determination thereof and with respect to any Transmission Facilities, the net book value of such Transmission Facilities as computed using the information shown in the then most recent FERC Form 1 filed with the Commission with respect to such Transmission Facilities. For the avoidance of doubt, for any and all purposes of this Agreement and the other Transaction Agreements, (i) "Net Plant" shall be calculated, and if required adjusted, annually on each anniversary of the Effective Date and (ii) the calculation made and Form 1 information used shall be the difference between (A) the information on page 207, Electric Plant in Service (Account 101, 102, 103 and 106), line 53, Total Transmission Plant, Column G, less (B) the information on page 219, Accumulated Provision for Depreciation of Electric Utility Plant (Account 108), Section B. Balances at End of Year According to Functional Classification, line 23, Transmission, Column C; provided, however, that if FERC Form 1 is modified or changed such that the foregoing designations no longer apply, the information used shall be that information in the modified or changed form that provides, as nearly as practicable, the same substantive result as the foregoing.

"Neutral Valuation Firm" shall have the meaning given in Section 7.1(c).

"NGUSA" shall have the meaning given in the preamble hereof.

"NGUSA Affiliate" shall mean an Affiliate of NGUSA.

"NGUSA Management Term" shall have the meaning given in Section 2.2(b).

"NGUSA Termination Notice" shall have the meaning given in Section 2.2(b).

"Non-Divesting GridAmerica Companies" shall have the meaning given in Section 2.1(d).

"Non-Market Participant" shall mean a Person that is not a Market Participant.

"Non-NGUSA Termination Notice" shall have the meaning given in Section 2.2(b).

"Notice of Removal Dispute" shall have the meaning given in Section 12.3(b).

"Operation Agreement" shall mean the Amended and Restated Operation Agreement dated as of February 14, 2003, among the Company and each GridAmerica Company

or its applicable Affiliate, as the same may be amended, modified or otherwise supplemented and in effect from time to time.

"Operational Segment" shall mean Transmission Facilities which are (i) capable of being operated in the ordinary course of business as a coherent transmission system and (ii) capable of having revenues that can be separately accounted for under the then current revenue distribution methodology and procedures of the Company after such facilities are acquired by the Company.

"Order" shall mean any writ, judgment, decree, injunction or similar order of any Governmental Authority (in each such case, whether preliminary or final).

"Order 2000" shall mean the Commission's order identified as Regional Transmission Organizations, Docket No. RM99-2-000, 89 FERC P. 61, 285 (1999), all subsequent orders of the Commission in such Docket, and all other orders of the Commission pertaining to the rights and obligations of a regional transmission organization.

"Original GridAmerica Companies" shall have the meaning given in the preamble hereof.

"Panel" shall have the meaning given in Section 12.2(d).

"Party" shall mean any party from time to time to this Agreement.

"Percentage Interest" shall mean, as at any time of determination and with respect to any Member, the product of (i) the number of Units held by such Member at such time divided by the total number of outstanding Units multiplied by (ii) one hundred percent (100%).

"Person" shall mean any natural person or Entity.

"Pro-forma Number of Put Units" shall have the meaning given in Section 5.1(c).

"Prospectus" shall mean the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by any Registration Statement, and by all other amendments and supplements to such prospectus, including post-effective amendments and all material incorporated by reference in such prospectus.

"Public Offering" shall mean an underwritten public offering registered pursuant to the Securities Act of Shares of GridAmerica HoldCo as contemplated by Article VI.

"Put Agreement" shall have the meaning given in Section 5.1(b).

"Put Closing" shall have the meaning given in Section 5.3.

"Put Notice" shall have the meaning given in Section 5.1(a).

"Put Right" shall have the meaning given in Section 5.1.

"Putting GridAmerica Company" shall have the meaning given in Section 5.1(a).

"Qualifying Offer" shall have the meaning given in Section 2.2(f)(3).

"Recipient" shall have the meaning given in Section 13.9.

"Register," "registered" and "registration" shall mean and refers to a registration effected by preparing and filing a Registration Statement and taking all other actions that are necessary or appropriate in connection therewith, and the declaration or ordering of effectiveness of such Registration Statement by the SEC.

"Registrable Securities" shall mean, with respect to any Registration, all Shares held by Selling Shareholders participating in such Registration, provided that such term shall not include any such Shares after they are sold to the public pursuant to a Registration Statement under the Securities Act or after they are sold in a private transaction in which the registration rights granted pursuant to Article VI were not assigned to the purchasers thereof or Shares which are sold without restriction under Rule 144(k) of the Securities Act or any successor rule thereto.

"Registration Expenses" shall have the meaning given in Section 6.7.

"Registration Statement" shall mean any registration statement of GridAmerica HoldCo that complies with Section 5 of the Securities Act that covers Registrable Securities or other Shares pursuant to the provisions of this Agreement, including the Prospectus, all amendments and supplements to such registration statement, including all post-effective amendments, all exhibits and all material incorporated by reference in such registration statement.

"Related Proceeding" shall have the meaning given in Section 12.2(c).

"Removal Arbitration" shall have the meaning given in Section 12.3.

"Removal Claim" shall have the meaning given in Section 12.3.

"Removal Claimant" shall have the meaning given in Section 12.3(b).

"Removal Dispute Parties" shall have the meaning given in Section 12.3(b).

"Removal Notice" shall have the meaning given in Section 12.3(b).

"Removal Respondent Party" shall have the meaning given in Section 12.3(b).

"Representatives" shall have the meaning given in Section 13.9(a).

"Request Period" shall have the meaning given in Section 6.4.

"Required Consent" shall mean, collectively, each Consent that must be obtained, satisfied or made to permit the consummation of the transactions contemplated by this Agreement and the other Transaction Agreements and the performance by each of the parties to the Transaction Agreements of their respective obligations hereunder and thereunder, but

excluding any Consent which may be required to perform an obligation which, by the terms of the Transaction Agreements, will not arise and is not required to be performed except upon the happening of one or more contingencies specified in the Transaction Agreements.

"Respondent Party" shall have the meaning given in Section 12.2(b).

"SEC" shall mean the United States Securities and Exchange Commission or any successor agency.

"Secondary Demand Registration" shall have the meaning given in Section 6.1(c)(1).

"Section 3.1(a) Units" shall have the meaning given in Section 2.2(d).

"Securities Act" shall mean the Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder.

"Securities Laws" shall mean the Securities Act, the Exchange Act, and any other applicable securities Laws.

"Selling Shareholder" shall mean any holder of Shares who has exercised its right to sell all or a portion of those Shares pursuant to the registration rights granted pursuant to Article VI.

"SEOs" shall have the meaning given in Section 12.1.

"Shares" shall mean shares of Class A Stock or Class B Stock. "Super Majority of Non-Managing Members" shall have the meaning given in the LLC Agreement.

"Super Majority of Transmission Owners" shall mean (i) prior to the date on which the Company first issues Units in exchange for Transmission Facilities, two-thirds or more of the GridAmerica Companies and (ii) thereafter, one or more "owners of transmission facilities" who, among them, own (through actual or deemed ownership as provided below) Transmission Facilities that are subject to the Functional Control of the Company pursuant to the Operation Agreement or are owned by the Company with a Net Plant greater than 66.67% of the Net Plant of all Transmission Facilities subject to such Functional Control of the Company pursuant to the Operation Agreement or owned by the Company. For purposes of the above vote, the "owner of transmission facilities" means (i) in the case of Transmission Facilities subject to the Company's Functional Control pursuant to the Operation Agreement, the Person that actually owns such Transmission Facilities and (ii) in the case of Transmission Facilities actually owned by the Company, the Members in accordance with their respective Percentage Interests. In the event that an Initial Public Offering shall have occurred, the independent board members of GridAmerica HoldCo shall vote the deemed ownership interest of GridAmerica HoldCo.

"System-Wide Assets" shall mean the assets of the Company that (i) are intended, or have the ability, to benefit primarily all or substantially all of the GridAmerica Transmission

Facilities owned by, or subject to the Functional Control of, the Company or
(ii) further the coordination, management and operation of all or substantially all of the GridAmerica Transmission Facilities owned by, or subject to the Functional Control, of the Company.

"System-Wide Capital Expenditures" shall mean Capital Expenditures by the Company in respect of System-Wide Assets.

"Third Party Recipient" shall have the meaning given in Section 13.9(c).

"Transaction" shall have the meaning given in the Recitals hereof.

"Transaction Agreements" means the ITC Agreements and the MISO ITC Agreement.

"Transmission Facilities" shall mean facilities used for the transmission of electric power and energy of the kind subject to the jurisdiction of the Commission.

"Transmission Service Date" shall have the meaning given in Section 2.1(e).

"Underwritten registration" or "underwritten offering" shall mean a registration in which Shares of GridAmerica HoldCo are sold to an underwriter or through an underwriter as agent for reoffering to the public.

"Unit Exchange" shall have the meaning given in Section 6.13.

"Unit Price" shall have the meaning given in Section 5.1(c).

"Unit" shall have the meaning given in the LLC Agreement.

"Willful Misconduct" shall have the meaning given in the LLC Agreement.

Section 1.2 Rules of Construction. The following provisions shall be applied wherever appropriate herein:

(i) "herein," "hereby," "hereunder," "hereof," "hereto" and other equivalent words shall refer to this Agreement as an entirety and not solely to the particular portion of this Agreement in which any such word is used;

(ii) "including" means "including without limitation" and is a term of illustration and not of limitation;

(iii)all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;

(iv) unless otherwise expressly provided, any term defined in this Article I by reference to any other document shall be deemed to be amended herein to the extent that such term is subsequently amended in such document;

(v) wherever used herein, any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders;

(vi) neither this Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsperson hereof or thereof;

(vii)the section headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such section, or in any way affect this Agreement;

(viii) any references herein to a particular Section, Article, Exhibit or Schedule means a Section or Article of, or an Exhibit or Schedule to, this Agreement unless another agreement is specified; and

(ix) the Exhibits and Schedules attached hereto are incorporated herein by reference and shall be considered part of this Agreement.

ARTICLE II

CREATION OF GRIDAMERICA ITC, MANAGING MEMBER; TRANSMISSION SERVICE DATE

Section 2.1 Creation of Grid America ITC.

(a) Purpose of GridAmerica ITC. The Company shall, on the terms and subject to the conditions set forth in this Agreement, the other ITC Agreements and the MISO Agreements, serve as an Independent Transmission Company for the GridAmerica Transmission Facilities.

(b) Required Consents. From and after the Effective Date and until the Transmission Service Date, each Party shall: (1) take commercially reasonable steps necessary and proceed diligently and in good faith to obtain all Required Consents required to be obtained by it to consummate the transactions contemplated hereby and by the other Transaction Agreements which are intended to be consummated on the Transmission Service Date; (2) provide information which may be requested by Governmental Authorities in connection therewith; and (3) cooperate with each other Party in obtaining all Required Consents required of such other Party to consummate the transactions contemplated hereby and by the other Transaction Documents which are intended to be consummated on the Transmission Service Date. Each Party shall provide prompt notification to each other Party when any Required Consent referred to in clause (1) above is obtained, taken, made or given, as applicable, and shall advise each other Party of any material, written, non-confidential communications (and, upon request and unless confidential or precluded by Law, provide copies of any such material communications which are in writing) with any Governmental Authority regarding such Required Consents.

(c) Covenant. From and after the Effective Date and until the Transmission Service Date, each Party shall exercise commercially reasonable efforts and proceed diligently and in good faith to satisfy the conditions to the occurrence of the Transmission Service Date set forth in Section 2.1(d).

(d) Conditions to Transmission Service Date. No later than the fifth Business Day following the satisfaction or, in the case of clauses (1), (2) and
(3) below, waiver by the Party requiring the Required Consents referred to therein, of each of the following conditions precedent, the Company shall notify the Midwest ISO, in writing, of the satisfaction of all applicable legal requirements, system readiness and systems integration necessary for the Midwest ISO to assume its responsibilities under the Delineation of Functions (as defined in the MISO ITC Agreement) as required by Section 4.1.3 of the MISO ITC Agreement (the "Company's Notification of Readiness"):

(1) The Commission shall have issued one or more Final Orders which are no longer subject to possible rehearing and which, collectively, are an Approval Order.

(2) Each Party requiring the same shall have received any Required Consent under the Public Utility Holding Company Act of 1935 and such Required Consent shall: (i) be in form and substance which would not, in the reasonable judgment of such Party, and when considered in light of the Final Orders and all other Required Consents (A) cause such Party to fail to realize any material benefit which it reasonably anticipates from the transactions contemplated by the Transaction Agreements or (B) impose any conditions or requirements which could reasonably be expected to have a material and adverse effect on such Party's or any of its Affiliates' current or planned operations or business activities or its or their prospects; and (ii) be in full force and effect.

(3) Each Party requiring the same shall have received any Required Consent under any other applicable federal or state Law and such Required Consent shall: (i) be in form and substance which would not, in the reasonable judgment of such Party, and when considered in light of the Final Orders and all other Required Consents (A) cause such Party to fail to realize any material benefit which it reasonably anticipates from the transactions contemplated by the Transaction Agreements or (B) impose any conditions or requirements which could reasonably be expected to have a material and adverse effect on such Party's or any of its Affiliates' current or planned operations or business activities or its or their prospects; and (ii) be in full force and effect.

(4) The Make-Ready Arrangements shall be in place and shall be in form and substance reasonably satisfactory to NGUSA and each GridAmerica Company.

(5) The Midwest ISO and the Company shall have executed and delivered the MISO ITC Agreement, which shall be reasonably satisfactory in form and substance to each GridAmerica Company.

(6) The Company shall have delivered evidence of a commitment from one or more insurance companies to provide insurance of the types and in the amounts as shall be agreed between NGUSA and the GridAmerica Companies, such coverages to be effective on and as of the Transmission Service Date.

(7) Each Party shall have delivered to each other Party a certificate of a senior officer, such certificate to be in form and substance satisfactory to each other Party, certifying: (i) that the Final Order of the Commission is acceptable as an Approval Order, (ii) that such Party has received all Required Consents required of it and each such Required Consent is in form and substance satisfactory to such Party, (iii) in the case of each GridAmerica Company, (x) that each of the Make-Ready Arrangements and the MISO ITC Agreement is in form and substance satisfactory to such GridAmerica Company, (y) as to the satisfaction of all applicable legal requirements, system readiness and systems integration necessary for the transfer to the Company of Functional Control over the Transmission Facilities of such GridAmerica Company and for the Midwest ISO to assume its responsibilities under the Delineation of Functions (as defined in the MISO ITC Agreement) as required by Section 4.1.3 of the MISO ITC Agreement and (z) such other matters as the Company may reasonably request to permit the Company, in reliance upon such certificate, to deliver the Company's Notification of Readiness to the Midwest ISO and (iv) in the case of the Company, that the Company and the Midwest ISO have agreed on procedures for implementing the Delineation of Functions (as defined in the MISO ITC Agreement).

(e) Occurrence of Transmission Service Date. On the first day of the month following the receipt by the Midwest ISO of the Company's Notification of Readiness and the receipt by the Company of written notice from the Midwest ISO of the satisfaction of all applicable legal requirements, system readiness and systems integration necessary for the Midwest ISO to assume its responsibilities under the Delineation of Functions (as defined in the MISO ITC Agreement) as required by Section 4.1.3 of the MISO ITC Agreement (the "Midwest ISO's Notification of Readiness"), but no earlier than the fifth day following the date of the Midwest ISO's Notification of Readiness (such day is herein referred to as the "Transmission Service Date"), the GridAmerica Companies shall transfer Functional Control over the GridAmerica Transmission Facilities to the Company and the Company and the Midwest ISO shall assume their respective responsibilities under the Delineation of Functions (as defined in the MISO ITC Agreement) over the GridAmerica Transmission Facilities as contemplated by Section 4.1.3 of the MISO ITC Agreement; provided, however, that the Transmission Service Date shall be postponed and shall not occur (i) unless and until the Midwest ISO shall, in consideration of the Make-Ready Arrangements, have made (x) a one-time payment equal to the amount of the actual costs (including appropriately allocated internal costs) incurred by NGUSA (and/or its Affiliates) and the GridAmerica Companies to establish the Make-Ready Arrangements and (y) a one-time payment to reimburse the GridAmerica Companies for their actual costs (including appropriately allocated internal costs) incurred in the development of Alliance RTO, such payments to be made as directed by the Company, (ii) unless and until the Midwest ISO shall have refunded to Ameren Services Company, with interest, the $18,000,000 payment made by Ameren Services Company to leave the Midwest ISO pursuant to the terms of settlement approved in Illinois Power Co., 95 FERC P. 61,183, order on reh'g., 96 FERC P. 61,206 (2001) and (iii) if there shall then be in effect any Order or Law restraining, enjoining

or otherwise prohibiting or making illegal the consummation of the transactions contemplated by the Transaction Agreements. Anything in this Section 2.1(e) to the contrary notwithstanding, the aggregate amount required to be paid by the Midwest ISO pursuant to clause (i) above shall not exceed $36,200,000.

Section 2.2. The Initial Member; Term and Removal.

(a) The Initial Member. The Parties acknowledge that the Initial Member has been appointed Managing Member of the Company, and agree that the Initial Member shall serve in such capacity pursuant to the terms of this Agreement and the LLC Agreement.

(b) Term of Service. Subject to Sections 5.7 and 10.1(4), the Initial Member shall serve as the Managing Member for the period beginning on the Effective Date and ending on the fifth anniversary of the Transmission Service Date (the "NGUSA Management Term"). The NGUSA Management Term automatically shall be extended for successive two-year periods unless, at least six months before the last day of the then-current NGUSA Management Term, either (i) the Initial Member gives written notice to the Company and each of the GridAmerica Companies (an "NGUSA Termination Notice") or (ii) Members holding at least a majority of the outstanding Class A Units give written notice to the Initial Member, such other Persons as may be required under the LLC Agreement and each GridAmerica Company (a "Non-NGUSA Termination Notice"), to the effect that the NGUSA Management Term shall not be so extended.

(c) Resignation. The Initial Member shall not resign as Managing Member and NGUSA shall not permit the Initial Member to resign as Managing Member other than (i) by causing the NGUSA Management Term to expire at the end of the then-current term thereof through issuance of an NGUSA Termination Notice, (ii) as may be required by Section 10.1(d), (iii) upon exercise of its resignation rights pursuant to Section 5.7, (iv) upon thirty (30) days prior written notice, if as the result of a change in applicable Law, NGUSA or any of its Affiliates is no longer able to meet the requirements of the Commission for being a Non-Market Participant or (v) upon sixty (60) days prior written notice, if, as a result of a proposed transaction involving an acquisition of a company (or any of its assets) which is not a member of the Midwest ISO or the Southwest Power Pool on the date of this Agreement by NGUSA or any of its Affiliates in furtherance of NGUSA's transmission and distribution business strategy described in Section 9.4(e), NGUSA or the Initial Member is no longer able to meet the requirements of the Commission for being a Non-Market Participant and the Commission does not accept such mitigation measures as shall have been proposed by NGUSA in connection with such transaction as is contemplated by Section 10.1(a), provided, however, in the case of any resignation pursuant to this clause (v), that NGUSA shall have paid to the GridAmerica Companies a resignation fee equal to (I) $7,000,000, if such resignation becomes effective prior to the first anniversary of the Transmission Service Date, (II) $5,250,000, if such resignation becomes effective on or after the first anniversary of the Transmission Service Date but prior to the second anniversary of the Transmission Service Date and (III) $3,500,000 thereafter.

(d) Redemption Rights Upon Expiration of NGUSA Management Term. Upon

expiration of the NGUSA Management Term following the delivery of a Non-NGUSA Termination Notice with respect to which neither NGUSA or an Affiliated Investor voted in favor, NGUSA shall have the right, but not the obligation, to require the Company to redeem

some or all of the Units which were purchased by Affiliated Investors pursuant to Section 3.1(a) ("Section 3.1(a) Units") (to the extent still held by an Affiliated Investor) at a price equal to the Fair Market Value of such Section 3.1(a) Units. Notwithstanding the foregoing, no Affiliated Investor shall have the right to require the redemption of any 3.1(a) Units which were purchased pursuant to Section 3.1(a) after the second anniversary of the Transmission Service Date.

(e) Option In Respect of Indemnity Cap. If, in any calendar year, the GridAmerica Companies that are and/or were parties to the Operation Agreement (the "Non-Divesting GridAmerica Companies") have paid aggregate indemnity payments pursuant to Section 4.2.4(c) of the Operation Agreement equal to or greater than the Indemnity Cap, and one or more Non-Divesting GridAmerica Companies who, among them, own Transmission Facilities that are subject to the Functional Control of the Company pursuant to the Operation Agreement having aggregate Net Plant of at least 66.67% of the aggregate Net Plant of all of the Transmission Facilities owned by the Non-Divesting GridAmerica Companies that are subject to the Functional Control of the Company do not, within twenty (20) days of a written request from NGUSA, agree to waive in writing the application of the Indemnity Cap, then NGUSA shall have the right, but not the obligation, upon twenty (20) days prior written notice to the Non-Divesting GridAmerica Companies to require the Non-Divesting GridAmerica Companies jointly and severally to purchase from the holder thereof, the right to receive any distributions in respect of the Section 3.1(a) Units, but not including any voting or other rights associated with such Units (the "Distribution Rights"), for an aggregate purchase price payable in cash equal to that portion of such holder's Capital Account represented by such Section 3.1(a) Units; provided, however, that, with respect to any Non-Divesting GridAmerica Company that is a subsidiary of a registered holding company under the Public Utility Holding Company Act of 1935, the transfer of Distribution Rights to such Non-Divesting GridAmerica Company (but not the joint and several obligation to make the payments as described above) shall be expressly conditioned upon the receipt of all required consents and approvals of the SEC under that statute. The written request from NGUSA shall specify the Capital Account of each holder of Section 3.1(a) Units and provide reasonable detail as to the changes in such Capital Account since the purchase of the Section 3.1(a) Units. If any Non-Divesting GridAmerica Company fails to purchase its share of the Distribution Rights, the other Non-Divesting GridAmerica Companies shall be required to purchase such share and shall be subrogated to rights of the holders of the Section 3.1(a) Units against such non-performing Non-Divesting GridAmerica Company. The Distribution Rights purchased by the Non-Divesting GridAmerica Companies shall be assigned to the Non-Divesting GridAmerica Companies in proportion to their payments therefor.

(f) Rights of the Company Upon Expiration of NGUSA Management Term.

(1) If the Initial Member ceases to be the Managing Member for any reason, the Company shall have the right, but not the obligation, to either (i) acquire 100% of the outstanding Equity Interests of the Initial Member or 100% of the assets and liabilities of the Initial Member for a price equal to the Net Book Value of the Initial Member determined as of the date on which the Initial Member ceases to be the Managing Member or (ii) may offer (or a designee of the Company may offer) employment to any employee of the Initial Member, other than Excluded Employees. The Company may exercise the rights granted by this Section 2.2 (f) by delivering written

notice to NGUSA and the Initial Member within sixty (60) days after the date on which the Initial Member ceases to be the Managing Member.

(2) If the Company elects to acquire the Equity Interests or assets and liabilities of the Initial Member, NGUSA shall cause such Equity Interests or assets and liabilities to be transferred to the Company free and clear of all Encumbrances (except, in the case of the assets of the Initial Member, Encumbrances that have been disclosed to the Company), and NGUSA and the seller of such Equity Interests shall be required to make customary representations and warranties in respect of due authorization, title, enforceability, no conflicts with agreements or applicable Laws, the need for any third party or Governmental consents, and disclosing material assets, contracts and liabilities. The "Net Book Value" of the Initial Member shall be the difference, but not less than zero, between the aggregate assets of the Initial Member less the aggregate liabilities of the Initial Member, both determined in accordance with GAAP. If NGUSA and the Company do not agree on the Net Book Value of the Initial Member, the Net Book Value shall be finally determined by the Agreed Accounting Firm. The acquisition of the Equity Interest of the Initial Member or the assets and liabilities of the Initial Member by the Company or its designee shall not include any Units or Shares or any indebtedness incurred to acquire any Units or Shares, and (i) immediately prior to the closing of such acquisition, the Initial Member shall distribute or otherwise transfer any Units or Shares held by it to its member(s) or shareholder(s) (as the case may be) and cause the Initial Member to be released from any indebtedness incurred to acquire any Units or Shares and shall cause any Encumbrances on assets of the Company securing acquisition indebtedness for such Units or Shares to be released and (ii) any such Units or Shares and any such indebtedness shall not be included in determining the Net Book Value of the Initial Member.

(3) If the Company or its designee elects to offer employment to any employees of the Initial Member (or, in the case of a purchase of the Equity Interest in the Initial Member, the Company or its designee elects to retain the services of any such employees), it shall do so on such terms and subject to such conditions as it may from time to time elect; provided, however, that no such offer shall be deemed to be a "Qualifying Offer" with respect to any such employee unless such offer is made during the 60-day period referred to in Section 2.2(f)(1), and such offer offers employment in a position of comparable authority with an overall compensation package which, taken as a whole, is comparable to the overall compensation package then provided by the Initial Member. During the sixty (60) day period referred to in Section 2.2(f)(1), neither NGUSA nor any NGUSA Affiliate (other than the Company) shall offer employment to or otherwise directly or indirectly retain or seek to retain the services of any employee of the Initial Member, other than any Excluded Employee, and NGUSA shall not permit any NGUSA Affiliate to engage in any such activities. After the expiration of such sixty (60) day period, NGUSA and any NGUSA Affiliate may offer employment to any employee of the Initial Member; provided, however, that neither of NGUSA nor any NGUSA Affiliate (other than the Company) shall offer employment to or otherwise directly or indirectly retain or seek to retain the services of any employee of the Initial Member (other than any Excluded Employees) who receives a Qualifying Offer for a period of one year after the date such Qualifying Offer is made. The Company shall provide NGUSA

with copies of all Qualifying Offers of employment made to employees of the Initial Member. The Initial Member shall have no obligation to retain any employee of the Initial Member as an employee after it ceases to be Managing Member.

(4) In the event that there are holders of Class A Units other than NGUSA and/or Affiliated Investors at the time the Initial Member ceases to be the Managing Member, then such holders shall represent the interests of the Company in connection with the exercise by the Company of the rights contained in this Section 2.2(f). In the event that there are no holders of Class A Units other than NGUSA and/or Affiliated Investors, then (i) if the Company has issued at least $250,000,000 in Class B Units to Persons other than the Initial Member and/or its Affiliates, then the holders of such Units shall represent the interests of the Company, and (ii) otherwise, a Super Majority of Transmission Owners may, if they so elect, by giving notice to NGUSA and the Initial Member delivered not later than fifteen (15) days after the receipt by the GridAmerica Companies of an NGUSA Termination Notice, a Non-NGUSA Termination Notice or the notice of removal delivered pursuant to Section 6.1 (b) of the LLC Agreement, represent the interests of the Company in connection with the exercise by the Company of the rights contained in this Section 2.2(f) to the extent permitted by applicable Law.

ARTICLE III

PURCHASE OF UNITS BY NGUSA AFFILIATES

Section 3.1 Initial Purchase of Units and Purchase of Units to Fund Capital Expenditures and Working Capital Needs. Subject to the limitations set forth in
Section 3.3, NGUSA shall (or in the case of Section 3.1(b), may at its election) cause the Initial Member and/or one or more Affiliated Investors to purchase Units in the Company as follows:

(a) On the Effective Date, NGUSA shall cause the Initial Member to purchase 1,000 Units for a total purchase price of $50,000. Following the Effective Date, when and as the Initial Member, in the performance of its duties or obligations as Managing Member, determines that the Company is in need of additional funds to pay for Capital Expenditures relating to System-Wide Capital Expenditures or for additional working capital purposes, NGUSA shall cause one or more Affiliated Investors to purchase additional Units in the amount so determined by the Initial Member; provided, however, that the maximum commitment of NGUSA and of any Affiliated Investors pursuant to this Section 3.1 (a) (the "Maximum Section 3.1 (a) Commitment") shall be $25,000,000. If, at the time of the purchase of any Units pursuant to this Section 3.1 (a), the Initial Member is the only Member of the Company, the purchase price for Units shall be $50.00 per Unit and, otherwise, shall be equal to the Fair Market Value of a Unit determined pursuant to Article VII.

(b) Following the Effective Date, when and as the Initial Member, in the performance of its duties or obligations as Managing Member, determines that the Company is in need of additional funds to pay for Capital Expenditures relating to GridAmerica Transmission Facilities or to acquire GridAmerica Transmission Facilities, NGUSA may, at its election cause one or more Affiliated Investors to purchase additional Units in the amount so determined by the

Initial Member. If at the time of purchase of any Units pursuant to this Section 3.1(b), the Initial Member is the only Member of the Company, the purchase price for Units shall be $50.00 per Unit and, otherwise, shall be equal to the Fair Market Value of a Unit determined pursuant to Article VII.

Section 3.2 Purchase of Units by Affiliated Investors Upon Contributions of GridAmerica Transmission Facilities.

(a) Subject to the limitations set forth in Sections 3.2(c) and 3.3, NGUSA shall cause one or more Affiliated Investors to purchase Units in the Company upon the exercise by a GridAmerica Company of a Put Right or the purchase by the Company of Transmission Facilities from a GridAmerica Company as follows:

(1) At each Put Closing, a number of Units equal to 5% of the Pro-forma Number of Put Units at a purchase price per Unit equal to the Unit Price;

(2) At the closing of each purchase of Transmission Facilities from a GridAmerica Company other than NGUSA or an Affiliated Investor (whether for cash or Units or both), Units having a purchase price equal to 5% of the Fair Market Value of the Transmission Facilities so purchased by the Company; and

(3) At the option of either NGUSA or the Putting GridAmerica Company (such option being referred to as the "Cash Option"), a number of Units up to an additional 15% (or such higher percentage as to which NGUSA and the Putting GridAmerica Company may agree) of the Pro-forma Number of Put Units, in which event (i) the number of Units received by the Putting GridAmerica Company at the Put Closing shall be reduced by the number of additional Units purchased by such Affiliated Investors and (ii) such Putting GridAmerica Company shall, at the Put Closing, receive a cash distribution in an amount equal to the aggregate amount paid to the Company for such additional Units.

The per Unit price for any Units purchased pursuant this Section 3.2(a) shall be equal to the Unit Price.

(b) If either the Putting GridAmerica Company or NGUSA desires to exercise its Cash Option, it shall provide the other and the Company with written notice of such exercise at least sixty (60) days prior to the Put Closing, which notice shall specify the percentage of the Pro-forma Number of Put Units to which the exercise relates. Notwithstanding anything to the contrary contained in this Section 3.2(b), if NGUSA exercises the Cash Option and the Putting GridAmerica Company determines in good faith that the corresponding distribution of cash by the Company to such Putting GridAmerica Company in connection with the exercise of the Cash Option would result in the Putting GridAmerica Company being required to recognize income as a result of such distribution of cash in the year in which such cash distribution is made in excess of the difference between the amount of such cash payment and such Putting GridAmerica Company's pro rata tax basis in the Transmission Facilities which are subject to the Put Notice (determined by multiplying the aggregate tax basis of all such Transmission Facilities by the percentage of the Pro-forma Number of Put Units to which the Cash Option relates), the Putting

GridAmerica Company may, at its election, upon written notice to NGUSA received at least thirty (30) days prior to the Put Closing, require NGUSA to rescind the exercise of the Cash Option. Such notice shall provide a detailed explanation of the income effect of the exercise by NGUSA of the Cash Option.

(c) Notwithstanding anything in this Agreement to the contrary, no Affiliated Investor shall have any obligation to purchase Units pursuant to Section 3.2(a) (i) if (A) the sum of (x) the aggregate amount of all Units purchased by any Affiliated Investor pursuant to Section 3.2(a) and (y) the Fair Market Value (determined at the time the Transmission Facilities in question are contributed to the Company pursuant to Article V of all capital contributions comprising Transmission Facilities made by the Initial Member and any NGUSA Affiliates would exceed (B) the difference between (x) $500,000,000 and (y) the amount of the aggregate Capital Contributions of the Initial Member and any Affiliated Investor made pursuant to Section 3.1; provided, however, that there shall be excluded from such calculation the amount, if any, of the Excess Cash Amount or (ii) if all Affiliated Investors would have, after giving effect to the purchase of Units pursuant to Section 3.2(a) and the issuance of Units to a Putting GridAmerica Company in connection with exercise of the Put Right, an aggregate Percentage Interest in the Company in excess of twenty percent (20%); provided, further, however, that there shall be excluded from such calculation Section 3.1(a) Units and any Units issued in respect of the Excess Cash Amount.

(d) The provisions of this Section 3.2 shall not apply to the exercise of a Put Right by any NGUSA Affiliate.

Section 3.3 Additional Limitations on Commitment. Notwithstanding anything contained in Sections 3.1 or 3.2 to the contrary, but subject to Section 3.2(c):

(a) NGUSA shall have no obligation to cause any Affiliated Investor to purchase Units pursuant to this Agreement having an aggregate purchase price in excess of the sum of $500,000,000 and the Excess Cash Amount.

(b) NGUSA shall have no obligation to cause any Affiliated Investor to purchase any Units in connection with the exercise of the Put Right (i) during the final six (6) months of the initial NGUSA Management Term if a NGUSA Termination Notice or a Non-NGUSA Termination Notice has been delivered pursuant to Section 2.2(b), (ii) if NGUSA exercises its resignation rights pursuant to Section 5.7, or (iii) at any time after the Initial Member ceases to be the Managing Member; provided, however, that the obligation to purchase Units pursuant to Section 3.2(a) shall continue with respect to the exercise of the Put Right if the Put Notice relating thereto was delivered prior to (x) in the case of clause (i) above, the final six months of the initial NGUSA Management Term or (y) in the case of clause (iii) above, the date that the Initial Member ceases to be the Managing Member.

Section 3.4 Failure to Achieve Transmission Service Date. If the Initial Member resigns or is removed prior to the Transmission Service Date, each GridAmerica Company shall, within thirty (30) days of receipt of notice from the Initial Member, pay to the Company such GridAmerica Company's pro rata share of all capital contributions made by the Initial Member or any Affiliated Investor pursuant to Section 3.1(a). The obligation of each

GridAmerica Company to pay its pro rata share of such amounts shall be several and not joint and several, and no GridAmerica Company shall be obligated to pay to the Company any portion of the pro rata share of another GridAmerica Company of such amount. The Initial Member, as Managing Member of the Company, shall cause the Company to redeem for their original purchase price, the number of Units purchased by the Initial Member or any Affiliated Investor pursuant to
Section 3.1(a) (the proceeds from which were used for the purposes contemplated by Section 3.1(a)), having an original purchase price equal to the aggregate amount received by the Company from the GridAmerica Companies pursuant to this
Section 3.4. For purposes of this Section 3.4, the pro rata share of an GridAmerica Company shall be equal to the product of the total amount of capital contributions made pursuant to Section 3.1(a) multiplied by a fraction, the numerator of which is the Net Plant of such GridAmerica Company's Transmission Facilities which are to be subject to the Functional Control of the Company pursuant to the Operation Agreement and the denominator of which is the aggregate Net Plant of all GridAmerica Companies' Transmission Facilities which are to be subject to the Functional Control of the Company pursuant to the Operation Agreement.

ARTICLE IV

EXCLUSIVITY

Section 4.1 Exclusivity Period. If a GridAmerica Company proposes to consider soliciting an Exclusivity Transaction or is approached by another Person regarding an Exclusivity Transaction during the Exclusive Period, prior to engaging in substantive negotiations with respect to such Exclusivity Transaction with any other Person, such GridAmerica Company shall first notify NGUSA of its intention to enter into substantive negotiations regarding such transaction. Upon receipt of such notice, NGUSA shall have an exclusive right to make a proposal to such GridAmerica Company for the purchase of the GridAmerica Transmission Facilities which are the subject of such Exclusivity Transaction, subject only to NGUSA's execution and delivery to such GridAmerica Company of a commercially reasonable confidentiality agreement to be proposed by such GridAmerica Company (which shall not contain standstill provisions). Promptly upon execution of such a confidentiality agreement, such GridAmerica Company will provide NGUSA with access to business, financial, and other information relating to such GridAmerica Transmission Facilities in the same form and to the extent it intends to provide such information to other prospective buyers. If NGUSA does not execute or deliver such a confidentiality agreement within 10 days of receipt, it will be deemed to have waived its rights under this Section
4.1. During the 60-day period following the date on which NGUSA is first provided access to such information, and in order to allow NGUSA the option to make an offer to such GridAmerica Company to purchase such Transmission Facilities, such GridAmerica Company shall not further discuss or negotiate with, or otherwise provide information regarding any potential Exclusivity Transaction to, any Person other than NGUSA. NGUSA shall have no obligation to make an offer to purchase such Transmission Facilities and such GridAmerica Company shall have no obligation to consider, negotiate or accept any such offer, if made. If NGUSA and the GridAmerica Company do not agree to such an acquisition by NGUSA or an NGUSA Affiliate during such 60-day period, such GridAmerica Company shall have one (1) year thereafter to enter into definitive agreements in respect of any Transfer of such Transmission Facilities. If such GridAmerica Company has not

so entered into definitive agreements, during such one (1) year period, NGUSA shall have the rights provided under this Section 4.1 with respect to any further Exclusivity Transaction.

ARTICLE V

PUT OF TRANSMISSION FACILITIES

Section 5.1 Put Right in Favor of GridAmerica Companies. Each GridAmerica Company shall have the right, but not the obligation (a "Put Right"), to contribute to the Company GridAmerica Transmission Facilities of such GridAmerica Company in exchange for Units, and to the extent provided in Section 3.2(a)(2), for cash, with an aggregate Fair Market Value equal to the Fair Market Value of the Transmission Facilities being so contributed (determined as of the date set forth below) on the following terms and subject to the following conditions:

(a) A GridAmerica Company desiring to exercise its Put Right (a "Putting GridAmerica Company") shall do so by providing at least 270 days prior written notice (the "Put Notice") to NGUSA, the Managing Member, the Company and each other GridAmerica Company. Such notice shall designate the Transmission Facilities which the Putting GridAmerica Company proposes to contribute to the Company through exercise of its Put Right (the "Contributed Transmission Facilities"). No Put Notice may be given, and no Put Right may be exercised, before the date eighteen (18) months after the Transmission Service Date. The exercise by a Putting GridAmerica Company of a Put Right (i) shall become irrevocable on the thirtieth (30th) day after determination of the Unit Price and the Fair Market Value of the Contributed Transmission Facilities and (ii) in the case of the exercise of a Put Right following an IPO Notice, may be conditioned upon the successful completion of the IPO to which such IPO Notice relates.

(b) Promptly upon exercise by a Putting GridAmerica Company of a Put Right, the Managing Member and such Putting GridAmerica Company shall negotiate the terms and conditions upon which the Contributed Transmission Facilities will be contributed to the Company, including the scope of any representations and warranties that the Putting GridAmerica Company will make in respect of the Contributed Transmission Facilities, the need for any third-party or Governmental consents therefor, and the scope and limitations on any indemnification obligations in respect thereof. In addition, if required by the Public Utility Holding Company Act of 1935 and the rules of the SEC promulgated thereunder, the obligation of such Putting GridAmerica Company to contribute its Contributed Transmission Facilities to the Company in exchange for Units and the obligation of the Company to issue Units in consideration therefor shall be expressly conditioned on the receipt of all required consents and approvals of the SEC under such Act. Such terms and conditions shall be set forth in an asset contribution agreement (the "Put Agreement") which shall be executed by the Putting GridAmerica Company and the Company. Although the terms and conditions of each Put Agreement are subject to negotiation between the parties thereto, the specific terms and conditions of each Put Agreement shall, pursuant to
Section 5.1(c), be taken into consideration for purposes of determining the Fair Market Value of the Contributed Transmission Facilities. The Putting GridAmerica Company shall be required to convey the Contributed Transmission Facilities free and clear of all Encumbrances securing any indebtedness of the Putting

GridAmerica Company or any Affiliate thereof, except as the Company and the Putting GridAmerica Company may otherwise agree in the Put Agreement.

(c) Upon completion of the negotiations of the Put Agreement (or earlier if the Company and the Putting GridAmerica Company agree), the Company and such Putting GridAmerica Company immediately shall proceed to determine the per Unit Fair Market Value of the outstanding Units (such per Unit Fair Market Value being referred to as the "Unit Price") and the Fair Market Value of the Contributed Transmission Facilities, both to be determined as of a common date to be agreed to by the Company and such Putting GridAmerica Company. The number of Units that the Putting GridAmerica Company shall be entitled to receive upon exercise of its Put Right assuming that no Cash Option is exercised (the "Pro-forma Number of Put Units") shall be equal to the Fair Market Value of the Contributed Transmission Facilities divided by the Unit Price. In determining the Fair Market Value of the Contributed Transmission Facilities, the terms and conditions of the proposed Put Agreement, including the scope of any representations and warranties contained therein, the scope of and any limitations on any indemnity obligations, the presence of any Encumbrances on the Contributed Transmission Facilities and matters described in Section 5.1(e) shall be expressly taken into account. In determining the Unit Price and the Pro-forma Number of Put Units, the Putting GridAmerica Company shall have diligence rights with respect to the Company, and the Company shall have diligence rights with respect to the Contributed Transmission Assets, customary for merger and acquisition transactions; provided, however, that neither the Putting GridAmerica Company nor the Company shall be obligated to disclose information subject to confidentiality provisions in favor of third parties or competitively sensitive commercial information of a kind not customarily disclosed in due diligence in connection with merger and acquisition transactions. The Company and the Putting GridAmerica Company shall use commercially reasonable efforts to obtain a waiver of any applicable confidentiality restrictions, and in any event, to the extent feasible, all information described in the proviso to the immediately preceding sentence which is not disclosed shall be disclosed in summary or redacted form.

(d) The Putting GridAmerica Company shall have the right to withdraw its Put Notice without prejudice to its right to issue a subsequent Put Notice (i) within thirty (30) days after determination of the Unit Price and the Pro-forma Number of Put Units or (ii) in the case of the exercise of a Put Right following an IPO Notice, if such IPO is not successfully completed. In the case of withdrawal of a Put Notice pursuant to clause (i) of the immediately preceding sentence, the Putting GridAmerica Company shall, within thirty (30) days of receipt of a written request therefor from the Company, reimburse the Company for its reasonable, out-of-pocket costs and expenses incurred in respect of the withdrawn Put Notice, including, without limitation, the costs and expenses of the Company's Interested Party Valuation Firm and the Company's share of the costs and expenses of any Neutral Valuation Firm. Any request for reimbursement pursuant to this Section 5.1(d) shall itemize in reasonable detail all amounts for which reimbursement is requested, and any disputes as to such amounts shall be resolved by the dispute resolution procedures set forth in Article XII.

(e) Notwithstanding anything contained in this Agreement to the contrary, no Putting GridAmerica Company shall have any right to exercise a Put Right with respect to, and the Company shall have no obligation to accept, Contributed Transmission Facilities which do not meet the following requirements:

(1) The Contributed Transmission Facilities either constitute all of the Transmission Facilities of the Putting GridAmerica Company over which the Company exercises Functional Control pursuant to the Operation Agreement or constitute an Operational Segment thereof.

(2) The Contributed Transmission Facilities taken as a whole (and taking into account any contractual arrangements between the Company and the Putting GridAmerica Company), include all of the facilities, real estate interests (including easements, rights of way and rights of access), equipment, contract rights, intellectual property rights and other assets (including access to services and personnel) reasonably necessary to operate the Contributed Transmission Facilities as part of an integrated system with the other GridAmerica Transmission Facilities. In furtherance thereof, the Company and the Putting GridAmerica Company shall negotiate in good faith as to (i) the identity of the Contributed Transmission Facilities, (ii) the terms on which any necessary services provided on a contractual basis will be made available, and (iii) the allocation of employees of the Putting GridAmerica Company and/or the provision of employees on a contract basis. In determining the assets and services to be included in the Contributed Transmission Facilities, the long term business and operational plans of the Company and the Putting GridAmerica Company and the cost of providing replacement facilities and services shall be considered. All services to be provided by contract shall be provided on commercially reasonable terms, but the Putting GridAmerica Company shall not be obligated to provide any services at less than cost.

(f) If the Company and the Putting GridAmerica Company are unable to agree as to any matters relating to the exercise by a Putting GridAmerica Company of its Put Right, including, without limitation, the Contributed Transmission Facilities, the terms of the Put Agreement and the terms on which any services are to be provided, such matters shall be resolved pursuant to the dispute resolution procedures set out in Article XII; provided, however, that, notwithstanding any determination of such matters pursuant to Article XII, a Putting GridAmerica Company may, even though the Unit Price and Pro-forma Number of Put Units have not been determined, withdraw its Put Notice, pursuant to Section 5.1(d).

(g) All Put Rights shall terminate at 5:00 p.m. New York time on the earlier of (i) the fourth (4th) anniversary of the Transmission Services Date, or (ii) if the IPO Notice is given before the fourth (4th) anniversary of the Transmission Service Date, the date which is 300 days after the date of such IPO Notice; provided, however, that Put Rights shall be continued after the fourth
(4th) anniversary of the Transmission Services Date with respect to Transmission Facilities as to which a Put Notice has been given on or prior to the fourth
(4th) anniversary of the Transmission Services Date. No Put Right may be exercised unless, at the time of exercise, the Putting GridAmerica Company is party to the Operation Agreement.

Section 5.2 Put Rights of NGUSA Affiliates. If any NGUSA Affiliate acquires GridAmerica Transmission Facilities or, while the Initial Member is Managing Member, acquires non-GridAmerica Transmission Facilities which are capable of being operated as part of a single integrated transmission system with the GridAmerica Transmission Facilities, such NGUSA Affiliate shall have a Put Right with respect to such Transmission Facilities, which Put Right shall be subject to all of the terms and conditions of Article V.

Section 5.3 Put Closing. The closing of the contribution of Contributed Transmission Facilities pursuant to the exercise of a Put Right (each such closing, a "Put Closing"), shall occur on a Business Day, shall take place at a location mutually agreed by the Putting GridAmerica Company and the Company and shall be consistent with the requirements set forth in the applicable Put Agreement, including any conditions precedent to closing contained in such Put Agreement. No Put Closing shall occur less than 270 days after the date on which the Put Right in respect thereof was exercised, unless the Company and the Putting GridAmerica Company otherwise agree. The deliveries by the parties at the Put Closing and the conditions precedent to the Put Closing, including necessary consents and approvals of third parties and Governmental Authorities, shall be set forth in the applicable Put Agreement; provided, however, that at a minimum:

(a) At each Put Closing, the Putting GridAmerica Company shall execute and deliver, or cause to be executed and delivered, to the Company, the following documents and agreements:

(1) assignments, bills of sale, warranty deeds, and other documents assigning the applicable Transmission Facilities to the Company, free and clear of all Encumbrances securing any indebtedness of the Putting GridAmerica Company or any Affiliate thereof, except as the Company and the Putting GridAmerica Company may otherwise agree in the Put Agreement; and

(2) unless such Putting GridAmerica Company or its designee is already a Member of the Company, such documentation as may be required by the LLC Agreement to become a Member of the Company.

(b) At each Put Closing, the Company shall deliver to the Putting GridAmerica Company the following documents:

(1) an assumption agreement;

(2) evidence of appropriate entry of the Units to be issued to the Putting GridAmerica Company upon exercise on the Company's Unit Registry (as defined in the LLC Agreement); and

(3) a Favorable Opinion of Counsel to the effect that such Units have been duly and validly issued by the Company and are fully paid and non-assessable.

Section 5.4 Put Units Unregistered. No Units delivered at the Put Closing will have been registered under the Securities Act or under any state securities laws, and such units will be offered and sold in reliance on federal and state exemptions for transactions not involving a public offering of securities.

Section 5.5 Put Rights Transferable. The Put Rights provided in Section 5.1 shall be freely assignable to any Person that acquires all, or any Operational Segment of, GridAmerica Transmission Facilities from any GridAmerica Company, so long as such acquiring party executes this Agreement and the Operation Agreement.

Section 5.6 Publicly Traded Partnership. Notwithstanding anything to the contrary herein, no issuance of Units may be made to any Person if as a result of such transfer the Company would have more then 100 Members determined in accordance with Treasury Regulation Section 1.7704-1(h)(1) and (3).

Section 5.7 Certain Resignation and Withdrawal Rights.

(a) Rights Upon Certain Exercises of Put Rights. If the first of the GridAmerica Companies and any NGUSA Affiliates to exercise a Put Right delivers its Put Notice prior to April 30, 2005, the Initial Member may resign as Managing Member (and upon the effective date of such resignation, the NGUSA Management Term shall expire), and each GridAmerica Company may withdraw from the GridAmerica ITC and terminate its participation under this Agreement and the Operation Agreement (as provided in Section 5.1(a) of the Operation Agreement) by providing all of the other Parties written notice of such resignation or withdrawal within thirty (30) days of receipt of such Put Notice.

(b) Rights Upon Failure to Exercise Put Rights. If no Put Notice has been received prior to March 31, 2005, the Initial Member may resign as Managing Member (and upon the effective date of such resignation, the NGUSA Management Term shall expire), and each GridAmerica Company may withdraw from GridAmerica ITC and terminate its participation under this Agreement and the Operation Agreement (as provided in Section 5.1(b) of the Operation Agreement) by providing all of the other Parties written notice of such resignation or withdrawal within the thirtieth (30th) month following the Effective Date.

(c) Effect of Resignation or Withdrawal. Any resignation or withdrawal pursuant to this Section 5.7 shall be effective on the first day of the seventh month following the month in which notice thereof is delivered pursuant to
Section 13.1. Upon receipt of any notice of resignation or withdrawal pursuant to this Section 5.7, the other Parties shall have the right, exercisable within thirty (30) days of receipt of such notice, to resign or withdraw, as the case may be. Without the prior written consent of NGUSA, no part of the GridAmerica Transmission Facilities of any GridAmerica Company that withdraws from the GridAmerica ITC shall be included in or be managed by an ITC that exercises functions similar in scope to the function exercised by the Company with respect to the GridAmerica Transmission Facilities (determined after taking into account the functions exercised by the Midwest ISO under the MISO ITC Agreement) for a period of one (1) year after the effective date of such GridAmerica Company's withdrawal, provided, however, that the foregoing prohibition shall not apply, if the Initial Member exercised its resignation rights pursuant to Section 5.7(a) or (b) prior to the date of any such withdrawal. Notwithstanding the foregoing, unless the Commission shall otherwise approve, no withdrawal by any GridAmerica Company from GridAmerica ITC pursuant to this Section 5.7 shall be or become effective unless and until such GridAmerica Company becomes a member of the Midwest ISO as contemplated by Section 2.3 of the MISO ITC Agreement.

ARTICLE VI

REGISTRATION RIGHTS

Section 6.1 Demand Registration Rights.

(a) Demand for IPO. At any time after the third anniversary of the Transmission Service Date, NGUSA (on behalf of itself and/or any Affiliated Investor) or GridAmerica Companies holding not less than 30% of the outstanding Units shall be entitled to request in writing, that the Company effect the Unit Exchange and effect the registration under the Securities Act of Registrable Securities of GridAmerica HoldCo in accordance with this Section 6.1 (an "IPO Demand Registration"). Any such request for an IPO Demand Registration shall specify the Members desiring to participate therein, the amount of Registrable Securities proposed to be sold by each such Member, and the intended method of disposition thereof. Upon receiving a request for an IPO Demand Registration, the Company shall cause GridAmerica HoldCo to prepare and file as soon as practicable the documents necessary to effect such IPO Demand Registration and shall use commercially reasonable efforts to cause the same to be declared effective by the SEC as soon as practicable. Notwithstanding anything in this Section 6.1 to the contrary, (i) the Company shall not be obligated to effect a registration under this Section 6.1(a) unless it is advised by a nationally recognized investment banking firm that the anticipated aggregate gross offering price with respect thereto is expected to be equal to or exceed $250,000,000, or despite commercially reasonable efforts to do so, the Company is unable to obtain the listing of the Shares to be sold in the IPO on the New York Stock Exchange or another comparable national securities exchange on which securities of major U.S. issuers engaged in the utility industry are traded, (ii) the Company may delay the Unit Exchange and an IPO Demand Registration to a date not later than the fifth anniversary of the Transmission Service Date if it is advised by a nationally recognized investment banking firm that such delay would be in the best interest of the Company and would contribute to a successful IPO and (iii) if all the Persons requesting the IPO Demand Registration determine to attempt to qualify the Unit Exchange as a tax-deferred exchange pursuant to Section 351 of the Code, the Company and GridAmerica HoldCo may limit the number of Shares to be sold by GridAmerica Companies participating in the IPO if the Company determines such limitation to be necessary to preserve such tax-treatment of the Unit Exchange.

(b) IPO Notice. Upon receipt of an IPO Demand Registration request or a determination by the Company to effect an IPO, the Company promptly shall provide NGUSA and all GridAmerica Companies with written notice of the request or determination (the "IPO Notice") at least three hundred (300) days prior to the filing of any Registration Statement in respect of the IPO, and each such notice shall inform NGUSA and each GridAmerica Company that all outstanding Put Rights will expire three hundred (300) days after the date of such notice unless the IPO is not successfully completed.

(c) Demand Registration After IPO.

(1) At any time after the Initial Public Offering, NGUSA (on behalf of itself and/or any Affiliated Investor) and GridAmerica Companies holding among them not less than 15% of the aggregate Shares and Units outstanding shall be entitled to

request in writing that GridAmerica HoldCo effect the registration under the Securities Act of Registrable Securities in accordance with this Section 6.1 (each, a "Secondary Demand Registration"). Any such request for a Secondary Demand Registration shall specify the GridAmerica Companies and/or NGUSA Affiliates desiring to participate therein, the amount of Registrable Securities proposed to be sold by each such Member, and the intended method of disposition thereof. Upon receiving a request for a Secondary Demand Registration, GridAmerica HoldCo shall prepare and file within forty-five (45) days the documents necessary to effect Secondary Demand Registration and will use commercially reasonable efforts to cause the same to be declared effective by the SEC as soon thereafter as practicable. Notwithstanding anything in this
Section 6.1 to the contrary, GridAmerica HoldCo shall not be obligated to effect a Secondary Demand Registration unless it is advised by a nationally recognized investment banking firm that the anticipated aggregate gross offering price with respect thereto would equal or exceed $75,000,000. Any such request for a Secondary Demand Registration may be a request for a shelf registration, if GridAmerica HoldCo is eligible to use a shelf registration at the time of such request.

(2) Promptly after receipt of a request for a Secondary Demand Registration, GridAmerica HoldCo shall provide NGUSA and each GridAmerica Company with written notice of such demand.

(d) Limitation on Demand Registrations. Notwithstanding anything to the contrary set forth in Section 6.1(c), GridAmerica HoldCo shall not be obligated to file a Registration Statement with respect to a Secondary Demand Registration upon a request by a Person under Section 6.1(c), if three Secondary Demand Registrations have become effective as specified in Section 6.1(f) (unless GridAmerica HoldCo is eligible to register the Registrable Securities on Form S-3, in which case NGUSA and the GridAmerica Companies shall have an unlimited right to require such registrations). If, in connection with any Secondary Demand Registration, the Shares to be included by any Selling Shareholder in such registration are reduced by the Approved Underwriter by one-third (1/3) or more of the amount of Shares such Selling Shareholders requested to include in such registration, such registration shall not constitute a Demand Registration.

(e) Participation in Demand. Each GridAmerica Company and each Affiliated Investor shall have thirty 30 days after the receipt of notice of a Demand Registration to elect to participate in the registration as a Selling Shareholder by providing the Company and GridAmerica HoldCo with written notice of such election, which notice shall indicate the number of Shares which such Person desires to include in the registration. The right of such Person to participate in the registration shall be subject to Section 6.3.

(f) Effective Demand Registration. A registration shall not constitute a Demand Registration until the Registration Statement has become effective and remains continuously effective for the lesser of (i) the period during which all Registrable Securities registered in the Demand Registration are sold and (ii) one hundred eighty (180) days; provided, however, that a registration shall not constitute a Demand Registration if (x) after such Demand Registration has become effective, such registration or the related offer, sale or distribution of Registrable Securities thereunder is interfered with by any stop order, injunction or other order or

requirement of the SEC or other Governmental Authority for any reason not attributable to any Selling Shareholder and such interference is not thereafter eliminated or (y) the conditions to closing specified in the underwriting agreement, if any, entered into in connection with such Demand Registration are not satisfied or waived, other than by reason of a failure by any Selling Shareholder; provided, further, that if a registration constitutes a Demand Registration, notwithstanding the operation of clause (x) of this Section 6.1(f), then the period of effectiveness provided for in the first sentence of this Section 6.1(f) shall be extended for the same amount of time such stop order, injunction or other order or requirement existed.

(g) Underwriting Procedures. If the Selling Shareholders demanding registration so elect, the offering of Registrable Securities pursuant to up to a maximum of three Demand Registrations shall be in the form of a firm commitment underwritten offering, and the managing underwriter or underwriters selected for such offering shall be the Approved Underwriter selected in accordance with Section 6.1(h). With respect to any firm commitment underwritten offering, GridAmerica HoldCo shall enter into a reasonable and customary underwriting agreement with the Approved Underwriter. If the Approved Underwriter advises GridAmerica HoldCo in writing that in its opinion the aggregate amount of Shares requested to be included in such offering is sufficiently large to have a material adverse effect on the success of such offering, including the price, then GridAmerica HoldCo shall include in such registration only the aggregate amount of Shares that in the opinion of the Approved Underwriter may be sold without any such material adverse effect and such Shares shall be allocated pro rata among the Selling Shareholders demanding such registration on the basis of the number of Registrable Shares requested to be included in such registration by each such Selling Shareholder, and thereafter to the Company, and finally to the holders of other incidental or piggy-back registration rights, if any.

(h) Selection of Underwriters. If any Demand Registration is in the form of an underwritten offering, the Selling Shareholders shall select and engage one or more investment banking firms of national reputation to act as the managing underwriters of the offering (collectively, the "Approved Underwriter"); provided, however, that the Approved Underwriter shall, in any case, be acceptable to GridAmerica HoldCo in its reasonable judgment.

Section 6.2 Incidental Registration. If GridAmerica HoldCo shall determine to register any Shares, or any securities convertible into or exchangeable or exercisable for Shares, for its own account or for the account of any stockholder (other than a registration on Forms S-4 or S-8 or any replacement or successor form thereof), any GridAmerica Company or NGUSA Affiliate shall be entitled to include Registrable Securities in such registration (and related underwritten offering, if any) (each, an "Incidental Registration") on the terms and conditions set forth in this Section 6.2.

(a) GridAmerica HoldCo promptly shall give written notice of such determination to register such securities to NGUSA and each GridAmerica Company, and NGUSA (on behalf of itself and any NGUSA Affiliate) and each GridAmerica Company shall have the right to request, by written notice given to GridAmerica HoldCo within thirty (30) days of the receipt by them of such notice of determination, that a specific number of Registrable Securities held by an NGUSA and/or an NGUSA Affiliate or such GridAmerica Company be included in such Registration Statement.

(b) If the proposed registration relates to an underwritten offering, the notice required by Section 6.2(a) shall specify the name of the managing underwriter for such offering, and if the proposed registration would constitute an IPO, the notice required by Section 6.2(a) shall comply with the terms of
Section 6.1(b).

(c) If the proposed registration relates to an underwritten offering, any Selling Shareholders desiring to participate in such offering must (i) sell all or a portion of its Registrable Securities on the same basis provided in the underwriting arrangements approved by GridAmerica HoldCo and (ii) complete and execute all questionnaires, powers of attorney, underwriting agreements and other documents on the same basis as other similarly situated Selling Shareholders (or, if there are no other Selling Shareholders, on the same basis as other selling stockholders or as would be customary in a transaction of this type) reasonably required under the terms of such underwriting arrangements or by the SEC.

(d) GridAmerica HoldCo shall have the right to terminate or withdraw any registration statement filing under this Section 6.2 prior to the effective date thereof for any reason without liability to any Member as a result thereof, whether or not such Member has elected to become a Selling Shareholder. In such event, GridAmerica HoldCo or any Selling Shareholder may elect to continue the registration; provided, however, that if such termination or withdrawal occurs prior to the filing of the initial registration statement with the SEC, but not otherwise, then such election shall constitute a request for a Demand Registration and shall be subject to the limits on Demand Registration requests set forth in this Agreement.

Section 6.3 Cutback; Withdrawal Rights.

(a) If the managing underwriter for the underwritten offering under the proposed registration to be made by GridAmerica HoldCo determines that inclusion of all or any portion of the Shares intended to be included in such offering would adversely affect the ability of the underwriter for such offering to sell all of the securities requested to be included for sale or the price per share in such offering, the number of Shares that may be included in such registration GridAmerica HoldCo will be obligated to include in such offering, as to each Person proposing to sell Shares in such offering, only a portion of the Shares such Person has requested to be registered equal to the ratio which such Person's requested Shares bears to the total number of Shares requested to be included in such registration statement by all Persons (other than GridAmerica HoldCo), who have requested that their Shares be included in such registration, it being understood that the securities to be included in such registration shall be allocated first to GridAmerica HoldCo and thereafter in accordance with the foregoing ratio; provided, however, that, in the case of a Demand Registration, prior to any reduction in the number of Shares to be registered by the Selling Shareholders demanding the Demand Registration, the aggregate amount of Shares to be included in the offering by any other Selling Shareholder shall be reduced in its entirety.

(b) Each Selling Shareholder shall have the right to withdraw its Registrable Securities from the Registration Statement at any time prior to the effective date thereof, but if the same relates to an underwritten offering and the initial filing thereof has been made, it may only withdraw its Registrable Securities during the time period and on terms deemed appropriate by the underwriters for such underwritten offering.

Section 6.4 Blockage Periods. Notwithstanding any other provision of this Agreement, GridAmerica HoldCo shall not be obligated to file (but shall be obligated to continue the preparation of) any Registration Statement under
Section 6.1 at any time that GridAmerica HoldCo or any of its subsidiaries are engaged in confidential negotiations or other confidential business activities, disclosure of which would be required in such registration statement (but would not be required if such registration statement were not filed), and the Board of Directors of GridAmerica HoldCo determines in good faith (after consultation with the Selling Shareholders participating in such offering) that such disclosure would be materially detrimental to the Company and its Unit holders or would have a material adverse effect on any such confidential negotiations or other confidential business activities. GridAmerica HoldCo may decline to file any Registration Statement for this reason only once in any 12-month period and only for a maximum period of 90 days at any one time. If GridAmerica HoldCo declines to file any Registration Statement pursuant to this Section 6.4, it shall notify the affected Selling Shareholders (the "Clear Notification") promptly after the circumstances preventing the filing of the Registration Statement under Section 6.1 no longer apply. For a period of 20 Business Days following receipt of a Clear Notification (the "Request Period") the Selling Shareholders shall have the right to request a Demand Registration pursuant to
Section 6.1(a) or 6.1(c). GridAmerica HoldCo shall not be permitted to file a registration statement to register Shares for offering by GridAmerica HoldCo or any stockholder other than a Selling Shareholder (except on Form S-4 or Form S-8) until:

(a) If the Selling Shareholders have not requested a Demand Registration within the Request Period, the day after the end of the Request Period, and

(b) If the Selling Shareholders have requested a Demand Registration within the Request Period, completion of the offering under such Demand Registration pursuant to Section 6.1(f); provided, however, that GridAmerica HoldCo may participate simultaneously in such Demand Registration pursuant to
Section 6.1(g).

Section 6.5 Restrictions on Public Sale. If Registrable Securities are included (in whole or in part) in a Registration Statement filed by GridAmerica HoldCo under Section 6.1 for sale in an underwritten offering, each Selling Shareholder agrees, if requested by the managing underwriter(s) of such offering and if each other Person participating in such offering also so agrees, not to sell, make any short sale of, loan, grant any option for the purchase of, dispose of or effect any public sale or distribution of common equity securities of the same series and class as (or securities exchangeable or exercisable for or convertible into common equity securities of the same series and class as) its Registrable Securities, including a sale pursuant to Rule 144 under the Securities Act (except as part of such underwritten registration), during the five (5) day period prior to, and during the ninety (90) day period following, any such registration (or during such shorter period as is requested or consented to by the managing underwriter(s) with respect to GridAmerica HoldCo or any other holder of common stock of GridAmerica HoldCo) beginning on the closing date of such underwritten offering, to the extent timely notified in writing by GridAmerica HoldCo or the managing underwriter(s).

Section 6.6 Registration Procedures. In connection with GridAmerica HoldCo's registration obligations pursuant to Sections 6.1 and 6.2 hereof, GridAmerica HoldCo promptly will prepare such registration statement and use its commercially reasonable efforts to

cause to be effective such registration to permit the sale of the Registrable Securities covered thereby in accordance with the intended method or methods of disposition thereof, and pursuant thereto, GridAmerica HoldCo will as expeditiously as possible:

(a) with respect to registrations made pursuant to Section 6.1 only, prepare and file with the SEC a Registration Statement with respect to such Registrable Securities and use its commercially reasonable efforts to cause such Registration Statement to become effective as soon as practicable, and, upon the request of the Selling Shareholders, keep such Registration Statement effective for up to one hundred twenty (120) days or such lesser period as is necessary for the underwriters in an underwritten offering to sell the Registrable Securities registered thereby, provided, however, that, before filing any Registration Statement or Prospectus or any amendments or supplements thereto, the Company will furnish to the Selling Shareholders and their counsel for their review and comments copies of all such documents proposed to be filed at least five (5) days prior thereto and the Company shall not file any registration statement or amendment or post-effective amendment or supplement to such registration statement or Prospectus used in connection therewith to which such counsel shall have reasonably objected in writing on the grounds that such amendment or supplement does not comply (explaining why) in all material respects with the requirements of the Securities Act or of the rules or regulations thereunder;

(b) prepare and file with the SEC such amendments, post-effective amendments and supplements to the Registration Statement and the Prospectus as may be necessary to comply with the provisions of the Securities Act and the rules and regulations thereunder with respect to the disposition of all securities covered by such Registration Statement;

(c) promptly notify the Selling Shareholders (i) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to the Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the SEC for amendments or supplements to the Registration Statement or the Prospectus or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose, (iv) of the receipt by GridAmerica HoldCo of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose and (v) of the happening of any event which makes any statement made in the Registration Statement, the Prospectus or any document incorporated therein by reference untrue or which requires the making of any changes in the Registration Statement, the Prospectus or any document incorporated therein by reference so that such documents will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(d) make commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of the Registration Statement at the earliest possible time;

(e) if requested by the Approved Underwriter or the Selling Shareholders, promptly incorporate in a Prospectus supplement or post-effective amendment such information

as the Approved Underwriter or such Selling Shareholders reasonably request to be included therein as required by applicable Law and (ii) make all required filings of such Prospectus supplement or such post-effective amendment promptly after GridAmerica HoldCo has received notification of the matters to be incorporated in such Prospectus supplement or such post-effective amendment; provided, however, that GridAmerica HoldCo shall not be required to take any of the actions of this Section 6.6(e) which it determines are not, on the advice of counsel for GridAmerica HoldCo, required under applicable Law;

(f) furnish to each Selling Shareholder, without charge, at least one copy of the Registration Statement and any post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(g) deliver to each Selling Shareholder, without charge, such reasonable number of conformed copies of the Registration Statement (and any post-effective amendment thereto) and such number of copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto (and any documents incorporated by reference therein) as such Selling Shareholder may reasonably request, all in full conformity with the Securities Act; and GridAmerica HoldCo consents to the use of the Prospectus or any amendment or supplement thereto by such Selling Shareholder in connection with the offer and sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto;

(h) prior to any offering of Registrable Securities covered by a Registration Statement, register or qualify or cooperate with each Selling Shareholder in connection with the registration or qualification of such Registrable Securities for offer and sale under the securities or blue sky laws of such jurisdictions as the managing underwriter, if applicable, or each such Selling Shareholder reasonably requests, and use commercially reasonable efforts to keep each such registration or qualification (or exemption therefrom) effective, including through new filings, or amendments or renewals, during the period such Registration Statement is required to be kept effective pursuant to the terms of this Agreement; and do any and all other acts or things necessary or advisable to enable the disposition in all such jurisdictions reasonably requested by such Selling Shareholder; provided, however, that under no circumstances shall GridAmerica HoldCo be required in connection therewith or as a condition thereof to qualify to do business, to become subject to taxation or to file a general consent to service of process in any such states or jurisdictions;

(i) cooperate with the Selling Shareholders and the managing underwriter or underwriters to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, free of any and all restrictive legends, such certificates to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or such Selling Shareholders may request and make available to the Company's transfer agent prior to the restrictions of the Registrable Securities a supply of such certificates;

(j) upon the occurrence of any event contemplated by Section 6.6(c)(v) above, prepare a supplement or post-effective amendment to the Registration Statement or the Prospectus or any document incorporated therein by reference or file any other required

document so that, as thereafter delivered to the purchasers of the Registrable Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(k) make generally available to the holders of GridAmerica HoldCo's outstanding securities earnings statements satisfying the provisions of Section 11(a) of the Securities Act, no later than forty-five (45) days after the end of any twelve (12) month period (or ninety (90) days, if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in a firm or best efforts underwritten offering, or, if not sold to underwriters in such an offering (ii) beginning with the first month of GridAmerica HoldCo's first fiscal quarter commencing after the effective date of the Registration Statement, which statements shall cover said twelve (12) month period;

(l) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by each Registration Statement from and after a date not later than the effective date of such Registration Statement;

(m) use commercially reasonable efforts to cause all Registrable Securities covered by each Registration Statement to be listed, subject to notice of issuance, prior to the date of the first sale of such Registrable Securities pursuant to such Registration Statement, on each securities exchange on which the Shares issued by GridAmerica HoldCo are then listed,

(n) enter into such agreements (including underwriting agreements in customary form containing, among other things, reasonable and customary indemnities) and take such other actions as the Selling Shareholders shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities;

(o) furnish, at the request of the Selling Shareholders, on the date that Registrable Securities are delivered to an underwriter for sale in connection with an underwritten registration, or, in connection with any other registration, on the date that the Registration Statement with respect to such registration becomes effective, (i) an opinion, dated such date, of the counsel representing GridAmerica HoldCo for the purpose of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to the Selling Shareholders, (ii) a letter dated such date, from the independent certified public accountants of GridAmerica HoldCo, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters, if any, and to such Selling Shareholders, subject to such Selling Shareholders' provision of information reasonably requested by such independent certified public accountants to comply with the rules governing delivery of such letters and
(iii) cause the underwriting agreement to contain indemnification provisions and procedures no less favorable than those set forth in Section 6.8 hereof (or such other provisions and procedures acceptable to such Selling Shareholders) with respect to all parties to be indemnified pursuant to such Section;

(p) with respect to not more than three Demand Registrations effected pursuant to Section 6.1, cause its senior management to participate in road shows and other customary marketing efforts in connection with the offering and sale of Registrable Securities;

(q) as promptly as practicable after filing with the SEC of any document which is incorporated by reference into a registration statement filed pursuant hereto (in the form in which it was incorporated), deliver a copy of each such document to each seller of Registrable Securities;

(r) promptly make available for inspection by any Selling Shareholder, any underwriter participating in any disposition pursuant to any Registration Statement filed pursuant hereto, and any attorney, accountant or other agent or representative retained by any such seller or underwriter (collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of GridAmerica HoldCo and its subsidiaries (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the GridAmerica HoldCo's officers, directors and employees to supply all information requested by any such Inspector in connection with such registration statement; provided, however, that unless the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement or the release of such Records in ordered pursuant to a subpoena or other order from a court of competent jurisdiction, GridAmerica HoldCo shall not be required to provide any information hereunder if (A) GridAmerica HoldCo believes, after consultation with counsel for GridAmerica HoldCo, that to do so would cause GridAmerica HoldCo to forfeit an attorney-client privilege that was applicable to such information or (B) either (1) GridAmerica HoldCo has requested and been granted from the SEC confidential treatment of such information contained in any filing with the SEC or documents provided supplementally or otherwise or (2) GridAmerica HoldCo reasonably determines in good faith that such Records are confidential and so notifies that Inspectors in writing unless, prior to furnishing any such information agrees with respect to (A) or (B), such holder of Registrable Securities requesting such information agrees to enter into a confidentiality agreement in customary form and subject to customary exceptions; and provided, further that each holder of Registrable Securities agrees that it will, upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to GridAmerica HoldCo and allow GridAmerica HoldCo at its expense, to undertake appropriate action and to prevent disclosure of the Records deemed confidential;

(s) provide a CUSIP number for Registrable Securities included in any registration statement filed pursuant hereto not later than the effective date of such registration statement;

(t) cooperate with each Selling Shareholder and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc. ("NASD"); and

(u) use its commercially reasonable efforts to take all other steps necessary to effect the registration of such Registrable Securities contemplated hereby.

Each Selling Shareholder agrees that, upon receipt of any notice from GridAmerica HoldCo of the happening of any event of the kind described in
Section 6.6(c)(v) hereof, such Selling Shareholder will forthwith discontinue disposition of Registrable Securities under the Prospectus related to the applicable Registration Statement until such Selling Shareholders' receipt of the

copies of the supplemented or amended Prospectus contemplated by Section 6.6(j) hereof, or until it is advised. in writing by GridAmerica HoldCo that the use of the Prospectus may be resumed. It shall be a condition precedent to the obligations of GridAmerica HoldCo to take any action pursuant to this Section 6.6 with respect to the Registrable Securities of Selling Shareholder that such Selling Shareholder shall furnish to GridAmerica HoldCo such information regarding itself and the Registrable Securities held by it as shall be required by the Securities Act to effect the registration of such Selling Shareholder's Registrable Securities and as typically provided by similarly situated selling stockholders.

Section 6.7 Registration Expenses. All expenses incident to any registration to be effected hereunder (whether or not the Registration Statement is filed or declared effective) and incident to GridAmerica HoldCo's performance of or compliance with this Agreement, including, without limitation, all registration and filing fees, fees and expenses of compliance with securities or blue sky laws, printing expenses, messenger and delivery expenses, fees of the National Association of Securities Dealers, Inc., stock exchange and qualification fees, fees and disbursements of GridAmerica HoldCo's counsel and of independent certified public accountants of GridAmerica HoldCo (including the expenses of any special audit required by or incident to such performance), the expenses of the underwriters that are customarily requested in similar circumstances by such underwriters (excluding discounts, commissions or fees of underwriters, qualified independent underwriters, selling brokers, dealer managers or similar securities industry professionals relating to the distribution of the Registrable Securities), all such expenses being herein called "Registration Expenses," will be borne by GridAmerica HoldCo. GridAmerica HoldCo will also pay its internal expenses and the expense of any annual audit and the fees and expenses of any person retained by GridAmerica HoldCo. Each Selling Shareholder will pay its internal expenses, the fees and expenses of any counsel, advisor or other person retained by such Selling Shareholder. Notwithstanding the foregoing, GridAmerica HoldCo will not be obligated to pay Registration Expenses for more than Demand Registrations effected by Selling Shareholders pursuant to Section 6.1. Registration Expenses incurred in connection with Registration Statements requested under Section 6.1 that are not filed or declared effective by the SEC will be paid by GridAmerica HoldCo and will not count against such limit; provided, however, if such Registration Statement not being filed or declared effective is the result of the actions of any Selling Shareholder, then such Selling Shareholder will bear the Registration Expenses of such Demand Registration in which case such registration shall not be counted as a Demand Registration under Section 6.1.

Section 6.8 Indemnification.

(a) Indemnification by GridAmerica HoldCo. GridAmerica HoldCo agrees, to the fullest extent permitted by Law, to indemnify and hold harmless each Selling Shareholder, its officers, directors, partners, employees and agents and each person who controls such Selling Shareholder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, employees and agents of any such controlling person from and against any and all losses, claims, damages and liabilities (including any investigation, legal or other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted) (collectively, "Damages") to which such Selling Shareholder may become subject under the Securities Act, the Exchange Act or other federal or state securities Law, at common Law or otherwise, insofar as

such Damages arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, Prospectus or preliminary prospectus or any amendment or supplement thereto,
(ii) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (iii) any violation or alleged violation by GridAmerica HoldCo of the Securities Act, the Exchange Act or any state securities or blue sky Laws in connection with the Registration Statement, Prospectus or preliminary prospectus or any amendment or supplement thereto; provided, however, that GridAmerica HoldCo will not be liable to any Selling Shareholder to the extent that such Damages arise from or are based upon any untrue statement or omission (x) made in reliance on and in conformity with written information furnished to GridAmerica HoldCo by such Selling Shareholder expressly for the inclusion in such Registration Statement,
(y) made in any preliminary prospectus if such Selling Shareholder failed to deliver a copy of the Prospectus with or prior to the delivery of written confirmation of the sale by such Selling Shareholder to the party asserting the claim underlying such Damages and such Prospectus would have corrected such untrue statement or omission and (z) made in any Prospectus if such untrue statement or omission was corrected in an amendment or supplement to such Prospectus, and a sufficient number of such amendment or supplement to such Prospectus were delivered to such Selling Shareholder prior to the sale of Registrable Securities and such Selling Shareholder failed to deliver such amendment or supplement prior to or concurrently with the sale of Registrable Securities to the party asserting the claim underlying such Damages. GridAmerica HoldCo shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution customarily indemnified by issuers in underwritten public offerings, their officers, directors, agents and employees and each Person who controls such Persons (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) to the same extent as provided above with respect to the indemnification of the Selling Shareholders.

(b) Indemnification by Selling Shareholders. If Registrable Securities are sold under a Prospectus which is a part of a Registration Statement, each Selling Shareholder agrees to indemnify and hold harmless GridAmerica HoldCo, its directors and each officer who signed such Registration Statement and each person who controls GridAmerica HoldCo (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, partners, employees and agents of any such controlling person under the same circumstances as the foregoing indemnity from GridAmerica HoldCo to Selling Shareholders, to the extent that such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue statement of a material fact or omission of a material fact that was made in the Prospectus, the Registration Statement, or any amendment or supplement thereto, in reliance upon and in conformity with information relating to any Selling Shareholder, furnished in writing to GridAmerica HoldCo by such Selling Shareholder, expressly for use therein, provided that in no event shall the aggregate liability of any Selling Shareholder exceed the amount of the net proceeds received by such Selling Shareholder upon the sale of the Registrable Securities giving rise to such indemnification obligation. Each Selling Shareholder shall indemnify the underwriters under terms customary to such underwritten offerings as reasonably requested by such underwriters. GridAmerica HoldCo and each Selling Shareholder shall be entitled to receive indemnities from underwriters, selling brokers, dealer managers and similar securities

industry professionals participating in the distribution, to the same extent as customarily furnished by such persons in similar circumstances.

(c) Conduct of Indemnification Proceedings. Any person entitled to indemnification hereunder will (i) give prompt notice to the indemnifying party of any claim with respect to which it seeks indemnification and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party, provided, however, that any person entitled to indemnification hereunder shall have the right to employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such person and not of the indemnifying party unless (A) the indemnifying party has agreed to pay such fees or expenses, (B) the indemnifying party shall have failed to assume the defense of such claim and employ counsel reasonably satisfactory to such person within thirty (30) days of receipt of notice of such claim or (C) in the reasonable judgment of such indemnified person based on advice of counsel, a conflict of interest may exist between such person and the indemnifying party with respect to such claims (in which case, if the person notifies the indemnifying party in writing that such person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such person). No settlement in respect of any third party claim may be effected by the indemnifying party without the indemnified party's prior written consent (which consent shall not be unreasonably withheld) unless the settlement involves only the payment of money by the indemnifying party, provides for a full and unconditional release of the indemnified party and does not include a statement as to, or any admission of, fault, culpability or a failure to act by, or on behalf of, the indemnified party. Any indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless, in the reasonable judgment of an indemnified party based on advice of counsel, a conflict of interest exists between such indemnified party and one or more other indemnified parties with respect to such claim, in which case the indemnifying party shall be obligated to pay the reasonable fees and disbursement, of such additional counsel or counsels. As used in this Section 6.8(c), the terms "indemnifying party," "indemnified party" and other terms of similar import are intended to include only GridAmerica HoldCo (and its officers, directors and control persons and the officers, directors, partners, employees and agents of such control persons as set forth above) on the one hand, and one or more Selling Shareholders (and its or their officers, directors, partners, employees, agents and control persons and the officers, directors, partners, employees and agents of such control persons as set forth above) on the other hand, as applicable.

(d) Contribution. If for any reason the foregoing indemnity is unavailable, then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party or indemnifying parties on the one hand and the indemnified party on the other in connection with the statements or omissions which resulted in such losses, claims, demands, liabilities or expenses as well as any other relevant equitable considerations. With respect to contribution required pursuant to this Section 6.8(d), the relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or indemnifying parties

on the one hand or the indemnified party on the other, and the parties' relative, intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. Notwithstanding the provisions of this Section 6.8(d), an indemnified holder of Registrable Securities shall not be required to contribute any amount in excess of the amount by which the net proceeds to such holder of Registrable Securities from the sale thereof exceed the amount of damages which such indemnified holder has otherwise been required to pay pursuant to Section 6.8(b) by reason of any untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11 of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) Timing of Payments. An indemnifying party shall make payments of all amounts required to be made pursuant to the foregoing provisions of this Section 6.8 to or for the account of the indemnified party from time to time promptly upon receipt of bills or invoices relating thereto or when otherwise due or payable.

(f) Survival. The indemnity and contribution agreements contained in this
Section 6.8 shall remain in full force and effect, regardless of any investigation made by or on behalf of any Selling Shareholder, its officers, directors, partners, attorneys, agents or any person, if any, who controls any Selling Shareholder as aforesaid, and shall survive the transfer of such Registrable Securities by any Selling Shareholder.

Section 6.9 Preparation; Reasonable Investigation. In connection with the preparation and filing of a Registration Statement pursuant to the terms of this Agreement:

(a) GridAmerica HoldCo shall, with respect to a Registration Statement filed by GridAmerica HoldCo, give each Selling Shareholder, the underwriters, if any, and their respective counsel and accountants the opportunity to participate in the preparation of such Registration Statement (other than reports and proxy statements incorporated therein by reference and lawfully and properly filed with the SEC) and each Prospectus included therein or filed with the SEC, and each amendment thereof or supplement thereto;

(b) GridAmerica HoldCo shall give the participating GridAmerica Companies, the underwriters, if any, and their respective counsel and accountants such reasonable access to its books and records and such opportunities to discuss the business of GridAmerica HoldCo with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of the Selling Shareholders or such underwriters, to conduct a reasonable investigation within the meaning of Section 11(b)(3) of the Securities Act; and

(c) the Selling Shareholders shall, to the fullest extent reasonably necessary, cooperate with GridAmerica HoldCo, the underwriters, if any, and their respective counsel and accountants in order to complete the preparation of a Registration Statement (other than reports and proxy statements incorporated therein by reference) and each Prospectus included therein or filed with the SEC, and each amendment thereof or supplement thereto.

Section 6.10 Rule 144 and Rule 144A. At all times during which GridAmerica HoldCo is subject to the periodic reporting requirements of the Exchange Act, GridAmerica HoldCo covenants that it will file, on a timely basis, the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder, and it will take such further action as NGUSA or the GridAmerica Companies may reasonably request (including, without limitation, compliance with the current public information requirements of Rule 144(c) and Rule 144A under the Securities Act), all to the extent required from time to time to enable such GridAmerica Companies to sell Registrable Securities without registration under the Securities Act within the limitation of the conditions provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, (b) Rule 144A under the Securities Act, as such rule may be amended from time to time, or (c) any similar rule or regulation hereafter adopted by the SEC. Upon the request of NGUSA or any GridAmerica Company, GridAmerica HoldCo will provide reasonable and customary assistance to facilitate such Person's sale of Registrable Securities in block trades or other similar transactions. Notwithstanding the foregoing, nothing in this Section 6.10 shall be deemed to require GridAmerica HoldCo to register any of its securities pursuant to the Exchange Act.

Section 6.11 Other Registration Rights Agreements. Neither the Company nor GridAmerica HoldCo will enter into any agreement offering registration rights to any person which are more favorable than those granted to NGUSA and the GridAmerica Companies under this Agreement unless, prior to entering into such agreement, it shall offer registration rights on substantially similar terms to the GridAmerica Companies.

Section 6.12 Specific Performance for Registration Rights. Each party hereto shall be entitled to enforce its rights under this Article VI specifically to recover damages by reason of any breach of any provision of this Article VI and to exercise all other rights existing in its favor. The parties hereto agree and acknowledge that money damages may not be an adequate remedy for any breach of the provisions of this Article VI and that each party may in its sole discretion apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive relief (without posting a bond or other security) in order to enforce or prevent any violation of the provisions of this Article VI.

Section 6.13 Exchange of Units for Shares. In order to effectuate the IPO, NGUSA and the GridAmerica Companies have determined that it is desirable to create a Delaware corporation ("GridAmerica HoldCo") and, to the extent desired by any Member, to exchange issued and outstanding Units of Members desiring to participate in such an exchange for Shares of GridAmerica HoldCo in accordance with this Section 6.13 (the "Unit Exchange").

(a) In connection with any IPO, the Company shall cause GridAmerica HoldCo to be incorporated as a Delaware corporation. The Certificate of Incorporation and Bylaws of GridAmerica HoldCo shall be in such form as the Company determines shall best facilitate the IPO; provided, however, that the charter shall provide for two classes of common stock of GridAmerica HoldCo which shall have identical rights and privileges, except that "Class A Stock" shall have voting rights and "Class B Stock" shall have no voting rights, and shall further provide that Class A Stock may be held only by a Person who is a Non-Market Participant and Class A Shares shall be convertible to Class B Shares and Class B Shares shall be

convertible to Class A Shares in the same manner as is provided in the LLC Agreement with respect to Class A Units and Class B Units.

(b) In connection with any IPO, (i) Shares issued by GridAmerica HoldCo may be issued for cash, in which case the cash proceeds of the IPO may be used to acquire Units of the Company or (ii) Shares may be issued in exchange for all or any portion of the issued and outstanding Units held by any GridAmerica Company that is a Member that desires to participate in the Unit Exchange occurring in connection with the IPO. Following an IPO (whether or not in connection with a Secondary Demand Registration), an GridAmerica Company that is a Member may request that Shares be issued to it in exchange for all or any portion of the issued and outstanding Units held by such GridAmerica Company, and, upon such a request, GridAmerica HoldCo will effectuate a Unit Exchange in accordance with such request within thirty (30) days.

(c) Immediately prior to the closing of the IPO, the Company shall cause GridAmerica HoldCo to become a party to this Agreement for purposes of effectuating the provisions of this Article VI and to exchange each Class A Unit held by an GridAmerica Company desiring to participate in the Unit Exchange and offered for exchange for one share of Class A Stock and to exchange each Class B Unit held by such GridAmerica Company desiring to participate in the Unit Exchange and offered for exchange for one share of Class B Stock. After the initial Unit Exchange, any GridAmerica Company shall have the right, but not the obligation, to exchange Units for Shares upon ten (10) days prior written request.

(d) The Company and each GridAmerica Company shall use commercially reasonable efforts to obtain all approvals of Governmental Authorities necessary to effectuate the Unit Exchange, the IPO and any subsequent Public Offering.

ARTICLE VII

FAIR MARKET VALUE

Section 7.1 Fair Market Value. Whenever used in this Agreement, "Fair Market Value" means, with respect to the valuation of any property, the value of such property at the time in question as determined in good faith by the Interested Parties; provided, however, that if such parties fail to agree in writing upon the value of such property before the earlier of (i) twenty (20) days after the first request to make such a determination or (ii) the date sixty
(60) days prior to the transaction in question, then the following shall apply:

(a) Each Interested Party shall select a nationally recognized investment banking firm to make such determination on such Interested Party's behalf in accordance with the standards, procedures, and assumptions set forth in Section
7.2. Each Interested Party shall pay all of the fees and expenses of the investment banking firm selected by it (each such firm being referred to as an "Interested Party Valuation Firm"). Subject to Section 13.9, each Interested Party promptly shall make available to each other and any investment banking firms involved in such process such information as is reasonably necessary to reach a Fair Market Value determination. Each Interested Party Valuation Firm shall determine its proposed fair market value of the property being valued.

(b) If the proposed fair market values determined by the Interested Party Valuation Firms are within 10% of each other, then "Fair Market Value" shall mean the average of such proposed fair market values.

(c) If the proposed fair market values determined by the Interested Party Valuation Firms are not within 10% of each other, then the Interested Party Valuation Firms shall select a third nationally recognized investment banking firm (the "Neutral Valuation Firm"), which shall be paid for equally by both Interested Parties. (If the Interested Party Valuation Firms fail to appoint a Neutral Valuation Firm within twenty (20) days of the date the last of the Interested Party Valuation Firms rendered its opinion of fair market value, then either Interested Party may apply to any court or arbitration panel having jurisdiction to make such appointment). The Neutral Valuation Firm shall also propose a fair market value for the property being valued. If:

(1) the fair market value proposed by the Neutral Valuation Firm is higher than the fair market values proposed by both Interested Party Valuation Firms, then "Fair Market Value" shall mean the higher of the two fair market values proposed by the Interested Party Valuation Firms;

(2) the proposed fair market value determined by the Neutral Valuation Firm is lower than the fair market values proposed by both Interested Party Valuation Firms, then "Fair Market Value" shall mean the lower of the two fair market values proposed by the Interested Party Valuation Firms; and

(3) the fair market value proposed by the Neutral Valuation Firm is between the fair market values proposed by both Interested Party Valuation Firms, then "Fair Market Value" shall mean the fair market value proposed by the Neutral Valuation Firm.

(d) In any case where an investment banking firm is required to render an opinion of fair market value, such opinion shall be rendered within 30 days of being engaged.

Section 7.2 General Principles of Application. The following principles shall apply generally to any determination of "fair market value" under Section 7.1, whether such determination is made by the Interested Parties or by an investment banking firm:

(a) "Fair market value" shall mean the price at which the property in question would change hands between a willing buyer and a willing seller, neither being under any compulsion and both having reasonable knowledge of the relevant facts, including the relevant regulatory policies and, where the item in question is an interest, or a group of assets used, in a business, such item shall be valued based on its going-concern value.

(b) Any expected tax benefits of either Interested Party shall be considered in determining "fair market value."

(c) In computing the "fair market value" of a Unit or group of Units, such

values shall be determined by reference to the "fair market value" of the Company and the presence or absence of voting or control rights shall be ignored.

(d) Except as otherwise expressly provided in this Agreement, all property will be valued on a stand-alone basis without regard to any expected cost savings or other synergies resulting from any proposed transaction. Notwithstanding the foregoing, (i) if as a result of the failure of a Putting GridAmerica Company to include in its Contributed Transmission Facilities all Transmission Facilities necessary or reasonably appropriate to operate the Contributed Transmission Facilities in the manner in which such Transmission Facilities were operated immediately prior to the determination of the "fair market value" of such Transmission Facilities, the cost to the Company of replacing those omitted Transmission Facilities shall be taken into account in determining "Fair Market Value" and (ii) the economic and operational effect of any assets or contractual arrangements for the provision of services offered by a Putting GridAmerica Company in connection with the exercise of any Put Right shall be taken into account in determining the "fair market value" of any Contributed Transmission Facilities.

Section 7.3 General Principles of Application. When the "Fair Market Value" to be determined is in connection with a contribution of assets to the Company by the Managing Member or one of its Affiliates, the Members other than the Managing Member and its Affiliates acting collectively will represent the interests of the Company in such valuation process.

ARTICLE VIII

ADMISSION REQUIREMENTS

Section 8.1 Admission Requirements. Any successor owner (other than the Company and its subsidiaries) of any of the GridAmerica Transmission Facilities (whether by assignment, operation of law or otherwise) shall be entitled to become a GridAmerica Company by becoming a party to the Operation Agreement in accordance with its terms and by agreeing to be bound by the terms of this Agreement. Any Person that acquires any Units from a GridAmerica Company (whether by assignment, operation of law or otherwise) shall be entitled to become a GridAmerica Company by agreeing to be bound by the terms of this Agreement. The Company may permit, in its discretion, any owner of other Transmission Facilities that becomes party to the Operation Agreement in accordance therewith to become a GridAmerica Company, and the Company shall, and the Initial Member, in its capacity as the Managing Member shall, in any event, cause each such Person, as a condition to becoming a party to the Operation Agreement, to agree to be bound by the terms of Section 2.2(e) of this Agreement, in each case, by complying with any terms and conditions for becoming a participant in the GridAmerica ITC approved by Commission and by agreeing to be bound by the terms of this Agreement and such Section 2.2(e). For the avoidance of doubt, a Person that becomes an GridAmerica Company pursuant hereto that is not also a party to the Operation Agreement shall have no rights or obligations under Section 2.2 (e).

ARTICLE IX

REPRESENTATIONS AND WARRANTIES

Section 9.1 Representations and Warranties Concerning the Company. In order to induce the GridAmerica Companies to enter into this Agreement, the Company, the Initial

Member and NGUSA hereby jointly and severally represent and warrant that the statements contained in this Section 9.1 are true and correct.

(a) Organization and Standing. The Company is a Delaware limited liability company, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with full power and authority to own, lease, use and operate its properties and to conduct its business as and where owned, leased, used, operated and conducted.

(b) Corporate Power and Authority. Subject to the receipt by the Company, the Initial Member and NGUSA of any Required Consents required by it, the Company has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company. This Agreement has been duly executed and delivered by the Company and, subject to the receipt by the Company, the Initial Member and NGUSA of any Required Consents required by it, constitutes the legal, valid and binding obligation of the Company, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

(c) Conflicts; Consents. Neither the execution and delivery of this Agreement by the Company nor the consummation of the transactions contemplated hereby:

(1) will violate, conflict with, or result in a breach of any provision of its certificate of organization or the LLC Agreement; or

(2) will violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, require any consent under, or entitle any Person (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Company, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which the Company is a party, the effect of which will have or is reasonably likely to have, a material adverse effect on the business, properties, condition (financial or otherwise) or results of operations of the Company.

(d) Approvals. Subject to the receipt by the Company, the Initial Member and NGUSA of any Required Consents required by it, all authorizations of and exemptions, actions or approvals by, and all notices to or filings with, any federal Governmental Authority that are required to have been obtained or made by the Company, the Initial Member and/or NGUSA, as the case may be, in connection with the execution and delivery of this Agreement have been obtained or made and are in full force and effect, and all conditions of any such authorizations, exemptions, actions or approvals have been complied with.

Section 9.2 Representations and Warranties Concerning the Initial Member. In order to induce the GridAmerica Companies to enter into this Agreement, NGUSA and the Initial Member hereby jointly and severally represent and warrant that the statements contained in this Section 9.2 are true and correct.

(a) Organization and Standing. The Initial Member is a limited liability company, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with full power and authority to own, lease, use and operate its properties and to conduct its business as and where owned, leased, used, operated and conducted.

(b) Corporate Power and Authority. Subject to the receipt by the Company, the Initial Member and NGUSA of any Required Consents required by it, the Initial Member has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Initial Member. This Agreement has been duly executed and delivered by the Initial Member and, subject to the receipt by the Company, the Initial Member and NGUSA of any Required Consents required by it, constitutes the legal, valid and binding obligation of the Initial Member, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

(c) Conflicts; Consents. Neither the execution and delivery of this Agreement by the Initial Member nor the consummation of the transactions contemplated hereby:

(1) will violate, conflict with, or result in a breach of any provision of its organizational documents; or

(2) will violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, require any consent under, or entitle any Person (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of the Initial Member, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which the Initial Member is a party, the effect of which will have or is reasonably likely to have, a material adverse effect on the business, properties, condition (financial or otherwise) or results of operations of the Initial Member.

(d) Approvals. Subject to the receipt by the Company, the Initial Member and NGUSA of any Required Consents required by it, all authorizations of and exemptions, actions or approvals by, and all notices to or filings with, any federal Governmental Authority that are required to have been obtained or made by the Company, the Initial Member and/or NGUSA, as the case may be, in connection with the execution and delivery of this Agreement have been

obtained or made and are in full force and effect, and all conditions of any such authorizations, exemptions, actions or approvals have been complied with.

Section 9.3 Representations and Warranties of GridAmerica Companies. In order to induce the Company, the Initial Member and NGUSA to enter into this Agreement, each GridAmerica Company hereby represents and warrants severally as to itself, and not jointly and severally as to any other GridAmerica Company, that the statements contained in this Section 9.3 are true and correct.

(a) Organization and Standing. Such GridAmerica Company is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with full power and authority to own, lease, use and operate its properties and to conduct its business as and where owned, leased, used, operated and conducted.

(b) Corporate Power and Authority. Subject to the receipt by such GridAmerica Company of any Required Consents required by it, such GridAmerica Company has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of such GridAmerica Company. This Agreement has been duly executed and delivered by such GridAmerica Company and, subject to the receipt by such GridAmerica Company of any Required Consents required by it, constitutes the legal, valid and binding obligation of such GridAmerica Company, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

(c) Conflicts; Consents. Neither the execution and delivery of this Agreement by such GridAmerica Company nor the consummation of the transactions contemplated hereby:

(1) will violate, conflict with, or result in a breach of any provision of its organizational documents; or

(2) will violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, require any consent under, or entitle any Person (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of such GridAmerica Company, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which such GridAmerica Company is a party, the effect of which will have or is reasonably likely to have, a material adverse effect on the business, properties, condition (financial or otherwise) or results of operations of such GridAmerica Company.

(d) Approvals. Subject to the receipt by such GridAmerica Company of any Required Consents required by it, all authorizations of and exemptions, actions or approvals by, and all notices to or filings with, any federal Governmental Authority that are required to have been obtained or made by such GridAmerica Company in connection with the execution and delivery of this Agreement have been obtained or made and are in full force and effect, and all conditions of any such authorizations, exemptions, actions or approvals have been complied with.

Section 9.4 Representations and Warranties of NGUSA. In order to induce the GridAmerica Companies to enter into this Agreement, NGUSA hereby represents and warrants that the statements contained in this Section 9.4 are true and correct.

(a) Organization and Standing. NGUSA is a corporation, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, with full power and authority to own, lease, use and operate its properties and to conduct its business as and where owned, leased, used, operated and conducted.

(b) Corporate Power and Authority. Subject to the receipt by the Company, the Initial Member and NGUSA of any Required Consents required by it, NGUSA has all requisite power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of NGUSA. This Agreement has been duly executed and delivered by NGUSA and, subject to the receipt by the Company, the Initial Member and NGUSA of any Required Consents required by it, constitutes the legal, valid and binding obligation of NGUSA, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and general equitable principles (whether considered in a proceeding in equity or at law).

(c) Conflicts; Consents. Neither the execution and delivery of this Agreement by NGUSA nor the consummation of the transactions contemplated hereby:

(1) will violate, conflict with, or result in a breach of any provision of its organizational documents; or

(2) will violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with the giving of notice, the passage of time or otherwise, would constitute a default) under, require any consent under, or entitle any Person (with the giving of notice, the passage of time or otherwise) to terminate, accelerate, modify or call a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the properties or assets of NGUSA, under any of the terms, conditions or provisions of any note, bond, mortgage, indenture, deed of trust, license, contract, undertaking, agreement, lease or other instrument or obligation to which NGUSA is a party, the effect of which will have or is reasonably likely to have, a material adverse effect on the business, properties, condition (financial or otherwise) or results of operations of NGUSA.

(d) Approvals. Subject to the receipt by the Company, the Initial Member and NGUSA of any Required Consents required by it, all authorizations of and exemptions, actions or approvals by, and all notices to or filings with, any federal Governmental Authority that are required to have been obtained or made by the Company, the Initial Member and/or NGUSA, as the case may be, NGUSA in connection with the execution and delivery of this Agreement have been obtained or made and are in full force and effect, and all conditions of any such authorizations, exemptions, actions or approvals have been complied with.

(e) NGUSA Business Strategy. NGUSA is involved in the ownership and operation of transmission and distribution properties and seeks to further its overall business strategy by acquiring, owning and operating transmission and distribution properties, and divesting or otherwise disposing of electric generation businesses and assets or obligations relating thereto.

ARTICLE X

COVENANTS

Section 10.1 NGUSA Covenants. NGUSA hereby agrees for the benefit of the GridAmerica Companies, that for so long as the Initial Member is the Managing Member, NGUSA will:

(a) Maintain, and cause the Initial Member to maintain, Non-Market Participant status except to the extent that the failure of NGUSA or the Initial Member to maintain Non-Market Participant status occurs as a result of a change in applicable Law, in which case NGUSA shall take or shall cause the Initial Member to take commercially reasonable steps to regain Non-Market Participant status so long as the cost thereof is not material. To the extent that the pursuit by NGUSA of its transmission and distribution strategy could reasonably be expected to result in the loss by NGUSA or the Initial Member of Non-Market Participant status, NGUSA shall (i) propose to the Commission to take, or cause to be taken, commercially reasonable mitigation measures to maintain Non-Market Participant status, (ii) if NGUSA reasonably believes that the Commission is not likely to accept such mitigation measures, so notify the GridAmerica Companies, such notice to be given at least one hundred and fifty (150) days prior to the date that NGUSA or the Initial Member expects NGUSA and/or the Initial Member, as the case may be, to lose Non-Market Participant status and, if after delivery of such notice, the GridAmerica Companies so request, undertake, at its expense, to identify a new Managing Member which is willing to replace the Initial Member on substantially the same terms as are set forth in the ITC Agreements or otherwise propose alternate means of maintaining the independent management of GridAmerica ITC and (iii) shall not deliver any notice of resignation pursuant to Section 2.2(c)(v) prior to the date that is ninety (90) days after the date of the delivery of any notice given as required by the foregoing clause (ii). Anything in this Section 10.1(a) to the contrary notwithstanding, nothing in this Section 10.1(a) shall be deemed to prohibit the right of the Initial Member to resign as permitted by Section 2.2(c).

(b) Neither (i) permit the Initial Member, legally or beneficially, to own any assets or incur any liabilities, or to engage in any business, other than as may relate to or arise out of the ownership of Units, the business of the Company and the fulfillment by the Initial

Member of its obligations as Managing Member nor (ii) permit any Affiliate of the Initial Member (other than the Company or any subsidiary of the Company) to own any assets necessary or desirable for, or otherwise appropriate to, the operation of the Company, including any System-Wide Assets. Except as contemplated by the proviso in the immediately preceding sentence, if the Initial Member or any NGUSA Affiliate (other than the Company or any subsidiary of the Company) acquires any assets of the type referred to in clause (ii) of the proceeding sentence, NGUSA shall cause such Person to promptly transfer such assets to the Company.

(c) Not enter into, or permit any NGUSA Affiliate or the Company to enter into any agreement which prohibits or restricts the right to remove the Initial Member for Cause pursuant to Section 6.1 (b) of the LLC Agreement or the purchase of the Equity Interests or asset and liabilities of the Initial Member pursuant to Section 2.1(e), except in compliance with Section 6.2(g) of the LLC Agreement.

(c) Promptly cause the Initial Member to resign as Managing Member, such resignation to be deemed "removal" for all purposes of the Transaction Agreements, if (i) a Super Majority of Transmission Owners delivers to the Initial Member and NGUSA written notice for the removal of the Managing Member in accordance with Section 6.1(b)(ii) of the LLC Agreement or Section 4.4.3 of the Operation Agreement and (ii) either NGUSA does not contest such removal within thirty (30) days or a binding determination that grounds for such removal exist has been made pursuant to Article XII, Article X of the LLC Agreement or Article VI of the Operation Agreement.

(e) Cause (i) the Initial Member to be a direct or indirect wholly-owned subsidiary of NGUSA, (ii) all Units purchased pursuant to Section 3.1 (a) to be held by one or more NGUSA Affiliates which are directly or indirectly wholly-owned by NGUSA, and (iii) all Units purchased, pursuant to Section 3.2 to be held by an Affiliated Investor until the date two years after the date of purchase thereof, or the date of the IPO, whichever is earlier.

(f) Prior to the Transmission Service Date, use commercially reasonable efforts to cause the Initial Member to satisfy all of the conditions necessary to allow the Transmission Service Date to occur as soon as is practicable, but in all events prior to June 30, 2003; and in furtherance thereof, each GridAmerica Company, severally as to itself and not jointly and severally, agrees to use commercially reasonable efforts to cause the Transmission Service Date to occur as soon as practicable, but in all events, prior to such date.

(g) Not amend, or permit the Initial Member or any Affiliated Investor to amend, the LLC Agreement to amend the definitions of Transaction Agreements, Cause, Gross Negligence, Super Majority of Non-Managing Members or Willful Misconduct or Sections 11.8(e) through (h) of the LLC Agreement without the approval of a Super Majority of Transmission Owners, and until such time as a Super Majority of Non-Managing Members shall have the approval rights contained in Section 6.6(b) of the LLC Agreement, not permit any Affiliated Investor to amend, modify or otherwise supplement or waive any provision of the LLC Agreement in a manner that would alter or change the powers, preferences or rights of a Member (other than the Initial Member) or any other Person that has the right to become a Member pursuant to this Agreement (assuming for purposes of this Subsection 10.1(8) that such other

Person has become a Member) so as to adversely affect such Member's or such other Person's powers, preferences or rights as a Member thereunder or the effect of which is (A) that the Company is able to enter into or engage in a transaction, contract, agreement or arrangement that would have contravened the LLC Agreement prior to such amendment or (B) would impair the ability of the Company to carry out its Permitted Purposes.

(h) Not permit the Initial Member to make any distribution to the holders of, or redemption of, the Equity Interests of the Initial Member or make any loans to NGUSA or any Affiliated Investor unless, prior to such distributions, redemptions or loans, NGUSA notifies each GridAmerica Company and each Member of such distribution, redemption or loan and agrees in an agreement reasonably satisfactory to a Super Majority of Transmission Owners (the "Equity Contribution Agreement") to cause the Person(s) who own the Initial Member to make, at the written request of the Company, any GridAmerica Company or any Member, a capital contribution or other equity contribution to the Initial Member in an amount equal to the lesser of (i) $25,000,000, (ii) the aggregate amount of such distributions, redemptions and loans and (iii) any unsatisfied liability of the Initial Member to the Company or any GridAmerica Company incurred as a result of the indemnity obligation of the Initial Member pursuant to Section 11.8(e) of the LLC Agreement or as a result of the Gross Negligence or Willful Misconduct of the Initial Member. The Equity Contribution Agreement shall provide that NGUSA shall cause such capital contribution or other equity contribution to be (A) made to the Initial Member and (B) used by the Initial Member solely for purposes of satisfying such liabilities of the Initial Member.

Section 10.2 GridAmerica Company Covenants. Each GridAmerica Company, severally as to itself and not jointly and severally, hereby covenants for the benefit of NGUSA that: (a) it will not, and will not permit any of its majority owned subsidiaries to, purchase or hold any securities of The National Grid Group, PLC for so long as any Affiliate of NGUSA is the Managing Member and (b) no later than 35 days after the Commission issues one or more Final Orders, it shall notify the Company in writing whether or not such Final Orders constitute an Approval Order.

Section 10.3 Rights of Transmission Owners Under the Operation Agreement. The Parties agree that the Non-Divesting GridAmerica Companies (i) shall be parties in interest in respect of any dispute concerning the removal of the Managing Member pursuant to Sections 6.1(b)(ii) and 10.3 of the LLC Agreement and (ii) shall have the right to cause the Company to enforce the indemnity obligation of the Initial Member pursuant to Section 11.8(e) of the LLC Agreement or the liability of the Initial Member based on its Gross Negligence or Willful Misconduct to the extent necessary to allow the Non-Divesting GridAmerica Companies to enforce and collect on their indemnity claims against the Company under the Operation Agreement and to enforce the rights of the Company in any Equity Contribution Agreement (including the right to require National Grid USA to cause the Persons who own the Initial Member to make capital or equity contributions to the Initial Member pursuant to such Section 10.1(h)).

Section 10.4 Party Covenants. Each Party that is or becomes a Member shall not, and shall cause its Affiliates that are Members not to, amend the LLC Agreement to amend the definitions of ITC Agreements, Cause, Gross Negligence, Super Majority of Non-Managing

Members or Willful Misconduct or Sections 11.8(e) through (h) of the LLC Agreement without the approval of a Super Majority of Transmission Owners.

ARTICLE XI

TERMINATION, CERTAIN WITHDRAWAL RIGHTS

Section 11.1 Termination of Agreement; Effect of Termination.

(a) If the Transmission Service Date has not occurred on or before June 30, 2003, any Party may, upon thirty (30) days prior written notice to the other Parties, cause the GridAmerica ITC to terminate.

(b) This Agreement may be terminated as to any GridAmerica Company (i) pursuant to Section 5.7 or (ii) at any time by mutual consent of such GridAmerica Company and the Initial Member. In the event of the termination of this Agreement as to any GridAmerica Company pursuant to this Section 11.1(b), this Agreement shall become void as to such GridAmerica Company and have no further effect, without any liability on the part of any party or its directors, officers or stockholders; provided, however, that no such termination shall release any GridAmerica Company from any liabilities pursuant to Section 2.2(d) or Section 3.4.

(c) Notwithstanding the foregoing, nothing contained in this Section 11.1 shall relieve any party to this Agreement of liability for a breach of any provision of this Agreement.

ARTICLE XII

DISPUTE RESOLUTION

Section 12.1 Negotiations. If a dispute between any two or more Parties arises out of or relates to this Agreement, any such Party may notify each other Party that it intends to initiate the dispute resolution procedures set forth herein. Immediately upon the receipt of such notice, the Party sending the notice and each other Party receiving the notice shall refer such dispute to a senior executive officer (the "SEOs") of each such Party for consultation and advice prior to the commencement of the arbitration proceedings. The SEOs shall meet in person or by teleconference as soon as mutually practicable to consider such matters. If the SEOs fail to resolve such dispute within thirty (30) days of such notice being sent, any Party to the dispute or controversy may declare the consultation procedure set forth in this Section 12.1 terminated and refer the dispute to arbitration pursuant to Section 12.2.

Section 12.2 Arbitration. If a dispute between any two or more Parties arises out of or relates to this Agreement or to the relationship between the Parties created by this Agreement, and such Parties have not successfully resolved such dispute through negotiation on or before the thirtieth (30th) day following the notice referred to in Section 12.1, then such dispute shall be resolved according to this Section 12.2. If such dispute is subject to the jurisdiction of the Commission, then any Party to the dispute may, within sixty (60) days of the notice referred to in

Section 12.1, bring such dispute before the Commission for resolution. If no Party brings the dispute before the Commission within sixty (60) days of the notice referred to in Section 12.1, or if the dispute is not subject to the jurisdiction of the Commission, then such dispute shall be resolved by binding arbitration ("Arbitration") under the following provisions.

(a) All Claims To Be Arbitrated. Except as provided in the immediately preceding sentence and in Section 7.1 and 12.2(1), any and all claims, counterclaims, demands, causes of action, disputes, controversies and other matters in question arising out of or relating to this Agreement, any provision hereof, the alleged breach hereof, or in any way relating to the subject matter hereof or the relationship between the Parties created hereby, involving the Parties ("Claims") shall be finally resolved by binding arbitration by a panel of arbitrators under the Commercial Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") to the extent not inconsistent with the provisions of this Agreement, regardless of whether some or all of such Claims allegedly (i) are extra-contractual in nature, (ii) sound in contract, tort, or otherwise, (iii) are provided by federal or state statute, common law or otherwise or (iv) seek damages or any other relief, whether at law, in equity or otherwise.

(b) Referral of Claims to Arbitration. Subject to Section 12.1, one or more Parties may refer a Claim to arbitration (the "Claimant Party") by providing notice (an "Arbitration Notice") to each other Party or Parties against which the Claim is asserted (whether one or more parties, the "Respondent Party") in the manner set forth in the Arbitration Rules. The Arbitration Notice must include a general description of the Claim and shall identify all Respondent Parties and the reasons for asserting the Claim against each Respondent Party. The Arbitration is commenced between the Claimant Party and the Respondent Party ("Dispute Parties") by sending the Arbitration Notice to the Respondent Party.

(c) Stay for Commission Proceedings; Effect of Commission Orders. Following commencement of the Arbitration, if a Party other than a Dispute Party institutes a proceeding before the Commission that involves one or more of the Dispute Parties and the relief sought in that proceeding would require the Commission to resolve one or more issues presented in the Arbitration (a "Related Proceeding"), then the Dispute Parties agree that the Arbitration shall be stayed during the pendency of such Related Proceedings. The Dispute Parties further agree that the Commission's resolution in Related Proceedings of any issue that is also presented in the Arbitration shall be and is final and binding as to that issue in the Arbitration.

(d) Number and Qualification of Arbitrators. The panel of arbitrators (the "Panel") shall consist of three arbitrators appointed in accordance with this
Section 12.2 and the Arbitration Rules. Arbitrators shall meet the qualifications for arbitrators established by the AAA and, in addition, shall have significant experience in the electric industry and/or significant experience as an arbitrator in complex commercial matters. The arbitrators shall each take an oath of neutrality.

(e) Appointment of Arbitrators. By the fifteenth (15th) day following the day on which the Arbitration Notice is sent to the Respondent Party, the Claimant Party shall submit its appointment of the first arbitrator to the Respondent Party and the AAA. If the Claimant Party consists of more than one Party, then those Parties shall jointly appoint the first arbitrator. By the fifteenth (15th) day following the appointment of the first arbitrator, the Respondent Party shall submit its appointment of the second arbitrator to the Claimant Party and the AAA. If the Respondent Party consists of more than one Party, then those Parties shall jointly appoint the

second arbitrator. The two arbitrators appointed by the Dispute Parties shall appoint a third arbitrator, who shall be the chairperson of the Panel, by the fifteenth (15th) day following the appointment of the second arbitrator. If the second arbitrator has not been appointed by the fifteenth (15th) day following the appointment of the first arbitrator, or if the first two arbitrators have not appointed the third arbitrator by the fifteenth (15th) day following the appointment of the second arbitrator, any Dispute Party may request the AAA to appoint the arbitrator(s) in question. If any arbitrator resigns, becomes incapacitated, or otherwise refuses or fails to serve or to continue to serve as an arbitrator, the Dispute Party or arbitrators entitled to designate that arbitrator shall promptly designate a successor. In the event that either of the Claimant Party or the Respondent Party consist of more than one Party and those Parties are unable to agree on the appointment of an arbitrator, then all three arbitrators shall be appointed by the AAA; provided, however, that the arbitrators so appointed shall meet the qualifications set forth in Section 12.2(d).

(f) Governing Law. In deciding the substance of the Parties' Claims, the arbitrators shall first rely upon the provisions of this Agreement and shall then apply the substantive laws governing this Agreement pursuant to Section 13.7.

(g) Powers of the Arbitrators; Limitations On Remedies. The validity, construction and interpretation of this agreement to arbitrate, and all procedural aspects of the arbitration conducted pursuant to this agreement to arbitrate, including the determination of the issues that are subject to arbitration (i.e., arbitrability), the scope of the arbitrable issues, allegations of "fraud in the inducement" to enter into this Agreement or this arbitration provision, allegations of waiver, laches, delay or other defenses to arbitrability, and the rules governing the conduct of the arbitration (including the time for filing an answer, the time for the filing of counterclaims, the times for amending the pleadings, the specificity of the pleadings, the extent and scope of discovery, the issuance of subpoenas, the times for the designation of experts, whether the arbitration is to be stayed pending resolution of related litigation involving third parties not bound by this arbitration agreement, the receipt of evidence and the like), shall be decided by the arbitrators to the extent not provided for in this Article XII. The arbitrators shall decide the Claims based on this Agreement, the Arbitration Rules, and the governing law, and not ex aqueo et bono, as amiable compositeurs, or in equity. The arbitrators shall not have the power to award any of those remedies which are precluded by Section 13.14(b). The arbitrators shall have the power to enter such interim orders as they deem necessary, including orders to preserve the subject matter of the Claim or to preserve or adjust the status of the Parties pending resolution of the Claim in the Arbitration. The chairperson is empowered to issue interim orders on his own authority in emergency situations and where necessary to ensure the efficient administration of the Arbitration on application from a Dispute Party, which orders shall remain in effect until a meeting of all arbitrators may be convened to consider the application. The arbitrators shall have the power to assess the attorneys' fees, costs and expenses of the Arbitration (including the arbitrators' fees and expenses) against one or more of the Parties in whatever manner or allocation the arbitrators deem appropriate.

(h) Venue; Procedural Issues. The seat of the Arbitration shall be New York, New York, or such other place as the Dispute Parties may agree. The arbitrators shall set the date, the time and the place of the hearing, which must commence on or before the one hundred twentieth (120th) day following the designation of the third arbitrator. All decisions of the three

arbitrators shall be made by majority vote. In determining the extent of discovery, the number and length of depositions and all other pre-hearing matters, the arbitrators shall endeavor, to the extent possible, to streamline the proceedings and minimize the time and cost of the proceedings. There shall be no transcript of the hearing. The final hearing shall not exceed ten (10) business days, with the Claimant Party and Respondent Party each granted one-half of the allocated time to present its case to the arbitrators. All proceedings conducted hereunder and the decision of the arbitrators shall be kept confidential by the arbitrators, the AAA and any Persons participating in the Arbitration, except that the confidentiality obligations of the Parties shall be governed by Section 13.9.

(i) Additional Claims. After the Arbitration has commenced and the Panel has been appointed, if a further Claim arises under this Agreement that is not successfully settled pursuant to Section 12.1, and the further Claim (an "Additional Claim") is related to the Claim in the Arbitration or involves the same Dispute Parties, then any Party to the Additional Claim may ask the Panel to accept jurisdiction over the Additional Claim and include it in the Arbitration by submitting an Arbitration Notice in the manner set forth in Section 12.2(b) (an "Additional Arbitration Request") and submitting a concurrent request to the Panel to accept the Additional Claim. The Parties agree that the Panel should accept jurisdiction over an Additional Claim if the resolution of the Claim before the Panel will involve some or all of the same legal and factual issues presented by the Additional Claim or if accepting jurisdiction over the Additional Claim would facilitate or help minimize the costs of resolving the disputes at issue and not unduly delay the Arbitration. The Parties agree, however, that the Panel alone shall determine whether it should accept jurisdiction over an Additional Claim and that its determination shall be final and unappealable. If the Panel refuses jurisdiction over the Additional Claim, then the Additional Arbitration Request shall constitute a separate request for arbitration, which shall proceed independently and under this Section 12.2 as if filed on the date the Panel denied the request to accept jurisdiction. So long as there is no pending Additional Arbitration Request to the Panel to accept jurisdiction, any Party to an Additional Claim may commence a separate arbitration proceeding in the manner set forth in this Section 12.2.

(j) Arbitration Awards. The arbitrators shall render their award on or before the thirtieth (30th) day following the last session of the hearing fully resolving all Claims that are the subject of the Arbitration. The award shall be in writing, shall give reasons for the decision(s) reached by the arbitrators and shall be signed and dated by the arbitrators, and a copy of the award shall be delivered to each of the Dispute Parties. A Party against which the award assesses a monetary obligation or enters an injunctive order shall pay that obligation or comply with that order on or before the thirtieth (30th) calendar day following the receipt of the award or by such other date as the award may provide. Any award of the arbitrators shall be consistent with the limitations and terms of this Agreement. The arbitrators' award may be confirmed in, and judgment upon the award entered by, any court having jurisdiction over the Parties.

(k) Binding Nature. The decisions of the arbitrators shall be final and binding on the Parties and non-appealable to the maximum extent permitted by Law.

(l) Assistance of Courts. It is the intent of the Parties that the Arbitration shall be conducted expeditiously, without initial recourse to the courts and without interlocutory appeals of the arbitrators' decisions to the courts. Notwithstanding any other provision of this

Agreement, however, a Party may seek court assistance in the following circumstances: (i) if a Party refuses to honor its obligations under this agreement to arbitrate, any other Party may obtain appropriate relief compelling arbitration in any court having jurisdiction over the refusing Party, and the order compelling arbitration shall require that the arbitration proceedings take place in Washington, D.C., and in the manner specified herein, (ii) a Dispute Party may apply to any state or federal court having relevant jurisdiction for orders requiring witnesses to obey subpoenas issued by the arbitrators, including requests for documents, and (iii) a Party may apply at any time before or during the Arbitration to any court having relevant jurisdiction for an order preserving the status quo ante and/or evidence in anticipation of arbitration (for avoidance of doubt, preservation of the status quo ante includes an order compelling a Party to continue to fulfill an obligation under this Agreement or to refrain from taking an action that would constitute a default under this Agreement; for further avoidance of doubt, such an application to the courts is not intended to and does not constitute waiver of the right to arbitrate Claims, nor does it refer any Claim to court for decision). The Parties agree to comply with any interim order issued by the arbitrators or by the chairperson. Any and all of the arbitrators' orders and decisions, including interim orders, may be enforced by any state or federal court having jurisdiction. Each Party agrees that arbitration pursuant to this Section 12.2 shall be the exclusive method for resolving all Claims and that it will not commence an action or proceeding, except as provided in this Section 12.2.

Section 12.3 Arbitration of Certain Claims Regarding Removal of Managing Member. If a Super Majority of Transmission Owners shall have attempted to remove the Managing Member for Cause pursuant to Section 6.1(b)(ii) of the LLC Agreement, and the Managing Member disputes whether Cause for removal exists (a "Removal Claim"), Section 10.1(d) of this Agreement or Section 4.4.3 of the Operation Agreement, then the issue of whether Cause exists immediately shall be referred to and resolved by binding arbitration ("Removal Arbitration") according to this Section 12.3. The Removal Claim shall be finally resolved by one arbitrator appointed in accordance with this Section 12.3 and the Arbitration Rules to the extent not inconsistent with the provisions of this Agreement. The Expedited Procedures of the Arbitration Rules shall be used unless the arbitrator determines that they would be inappropriate. The arbitrator shall take an oath of neutrality.

(a) Application to Removal Claim; Relation to Other Claims. Any dispute other than a Removal Claim must be resolved in a separate Arbitration pursuant to Section 12.2. A Removal Arbitration may not be joined to or consolidated with an Arbitration without the consent of all parties in the Removal Arbitration and the Arbitration(s). The decision of the arbitrator on a Removal Claim shall be final and conclusive and bind any arbitrators in an Arbitration commenced under
Section 12.2.

(b) Referral of Claims to Arbitration. A Managing Member who receives a written notice of removal as contemplated in Section 6.1(b)(ii) of the LLC Agreement, Section 10.1(d) of this Agreement or Section 4.4.3 of the Operation Agreement (a "Removal Notice"), and who disputes that Cause for removal exists or a Member or NDTO upon receipt of notice from the Managing Member that it disputes that Cause exists (the "Removal Claimant"), may refer a Removal Claim to Removal Arbitration by providing notice (a "Notice of Removal Dispute") to the Managing Member, all Members and all NDTOs that are not the Removal Claimant (whether one or more parties, the "Removal Respondent Party"), in the manner set

forth in the Arbitration Rules. The Notice of Removal Dispute also must contain a list of five (5) proposed arbitrators. The Removal Arbitration is commenced between the Removal Claimant and the Removal Respondent Party ("Removal Dispute Parties") by sending the Notice of Removal Dispute to the Removal Respondent Party.

(c) Appointment of Arbitrator. Within ten (10) days of delivery of the Notice of Removal Dispute, the Removal Respondent Party shall deliver to the Removal Claimant and the AAA a list of five (5) proposed arbitrators. If the lists provided by the Removal Claimant and the Removal Respondent Party both contain a common proposed arbitrator, such person shall be selected as arbitrator; otherwise, the AAA shall appoint the arbitrator according to the procedures contained in the Arbitration Rules. If the arbitrator resigns, becomes incapacitated, or otherwise refuses or fails to serve or to continue to serve as an arbitrator, the Removal Dispute Parties shall promptly designate a successor using the procedures established in this Section 12.3. An arbitrator appointed pursuant to this Section 12.3(c) may not also be appointed as an arbitrator pursuant to Section 12.2.

(d) Governing Law. In deciding the substance of the Removal Claims, the arbitrator shall first rely upon the provisions of this Agreement and shall then apply the substantive laws governing this Agreement pursuant to Section 13.7.

(e) Powers of the Arbitrators; Limitations On Remedies. The arbitrator in a Removal Arbitration shall decide solely the Removal Claim, and shall have no power to decide any other Claim. The arbitrator shall decide the Removal Claim based on this Agreement, the Arbitration Rules, and the governing law, and not ex aqueo et bono, as amiable compositeur, or in equity. The arbitrator shall have the power to assess the attorneys' fees (in accordance with Section 13.10), costs and expenses of the Removal Arbitration (including the arbitrators' fees and expenses) against one or more of the Parties in whatever manner or allocation the arbitrator deems appropriate.

(f) Venue; Procedural Issues. The seat of the Removal Arbitration shall be New York, New York, or such other place as the Removal Dispute Parties may agree. The arbitrator shall set the date, the time and the place of the hearing, which must commence on or before the thirtieth (30th) day following the appointment of the arbitrator. There shall be no transcript of the hearing. The final hearing shall not exceed ten (10) business days, with the Removal Claimant and Removal Respondent Party each granted one-half of the allocated time to present its case to the arbitrator. All proceedings conducted hereunder and the decision of the arbitrator shall be kept confidential by the arbitrator, the AAA and any Persons participating in the Removal Arbitration.

(g) Arbitration Awards. The arbitrator shall render his award on or before the tenth (10th) day following the hearing(s) on the Removal Claim. The award shall be in writing, shall give a reasonably detailed description of the reasons for the decision(s) reached by the arbitrator and shall be signed and dated by the arbitrator, and a copy of the award shall be delivered to each of the Removal Dispute Parties. Any award of the arbitrator shall be consistent with the limitations and terms of this Agreement. The arbitrator's award may be confirmed in, and judgment upon the award entered by, any court having jurisdiction over the Parties.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Notices. Every notice, request, or other statement to be made or delivered to a Party pursuant to this Agreement shall be directed to such Party's representative at the address or facsimile number for such Party set forth on Schedule B or to such other address or facsimile number as the Party may designate by written notice to each other Party from time to time. All notices or other communications required or permitted to be given pursuant to this Agreement must be in writing and will be considered as properly given if sent by facsimile transmission (with confirmation notice sent by first class mail, postage prepaid), by reputable nationwide overnight delivery service that guarantees next business day delivery, by personal delivery, or, if mailed from within the United States, by first class United States mail, postage prepaid, registered or certified with return receipt requested. Any notice hereunder will be deemed to have been duly given (i) on the date personally delivered, (ii) when received, if sent by certified or registered mail, postage prepaid, return receipt requested or if sent by overnight delivery service; and (iii) if sent by facsimile transmission, on the date sent, provided confirmation notice is sent by first-class mail, postage prepaid promptly thereafter.

Section 13.2 Entire Agreement; Amendments. This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, representations and understandings, written or oral, pertaining thereto, including that certain letter of intent dated as of June 20, 2002 among NGUSA and the Original GridAmerica Companies. No amendment to or modification, termination or waiver of or under any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Company, NGUSA, the Initial Member and one or more GridAmerica Companies owning Transmission Facilities subject to the Functional Control of the Company with a Net Plant of at least 66.67% of the aggregate Net Plant of all GridAmerica Companies' Transmission Facilities subject to the Functional Control of the Company (for purposes of this Section 13.2, an GridAmerica Company that is a Member shall be deemed to own Transmission Facilities equal to the Transmission Facilities owned by the Company multiplied by such Member's Percentage Interest); provided, however, that (i) any amendment, modification, termination or waiver that adversely affects a specific Party must also be approved in writing by such Party and (ii) a waiver by a Party as to only its rights may be granted by such Party; provided, further, that any amendment to Section 6.13 which does not deprive a Party of the essential benefits of Article VI shall not be deemed to adversely affect such Party.

Section 13.3 Effect of Waiver. No waiver by a Party of any one or more defaults by another Party in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of alike or different character.

Section 13.4 Not for the Benefit of Third Parties; No Partnership. This Agreement is intended to be solely for the benefit of the Parties, their successors and permitted assignees and is not intended to and shall not confer any rights or benefits on any Person not a signatory hereto. This Agreement is not intended, and shall not be construed, interpreted or applied, to create a partnership or joint venture, among the Parties.

Section 13.5 No Assignment; Binding Effect. Except as provided in Sections 5.5 and 8.1 or in connection with an assignment to lenders, neither this Agreement nor any right, interest or obligation hereunder may be assigned by any Party hereto without the prior written consent of each other Party hereto and any attempt to do so will be void, except for assignments and transfers by operation of law. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the Parties hereto and their respective successors and assigns.

Section 13.6 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of that provision in any other jurisdiction.

Section 13.7 Governing Law; Waiver of Jury Trial. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO THE CHOICE OF LAW PRINCIPLES THAT WOULD REQUIRE THE LAW OF ANOTHER JURISDICTION TO APPLY. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTEND PERMITTED BY LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 13.8 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, notwithstanding that all of the Parties are not signatories to the original or to the same counterpart.

Section 13.9 Confidentiality. The following provisions set forth the obligations arising out of the disclosure of Confidential Information by a Party
(the "Disclosing Party") to another Party (the "Recipient" or "Recipients")
under this Agreement.

(a) Agreement of Non Disclosure and Non-Use. In consideration of the disclosure by a Disclosing Party to a Recipient of Confidential Information, the Recipient and its officers, directors, partners, employees, Affiliates, agents, representatives, outside auditors, attorneys, and any Third Party Recipient who have access to the Confidential Information (collectively, "Representatives"):

(1) shall keep Confidential information confidential and will not, without the prior written consent of such Disclosing Party or as allowed by this Agreement, disclose Confidential Information to other Persons; and

(2) shall not use Confidential Information other than for purposes legitimately related to the operation of the business of the Company and/or GridAmerica ITC, including ("Approved Uses"); provided, however, that subject to any applicable copyright rights of the Company, nothing contained herein shall limit the right of the Managing Member or any of its Representatives from using any Confidential Information of the Company or disclosed to the Company by any GridAmerica Company consisting

of methods, techniques, rate design and other similar Confidential Information that relates to the electric transmission industry generally, and not to the business of a particular GridAmerica Company (but excluding any software developed by the Company or any GridAmerica Company, and excluding any Confidential Information of an GridAmerica Company marked "proprietary" by such GridAmerica Company), for other than Approved Users which are not in competition with the Company. Each Recipient agrees to transmit the Confidential Information of a Disclosing Party only to such of the Recipient's Representatives who need to know the Confidential Information for the purpose of assisting the Recipient in Approved Uses, and who are informed of the provisions of this Section 13.9. A Recipient shall be fully liable for any breach of this Agreement by its Representatives and agrees, at its sole expense, to take reasonable measures to restrain its Representatives from prohibited or unauthorized disclosure or use of the Confidential Information.

(b) Disclosure Required by Subpoena, Law, Litigation or Legal Process. If any portion of Confidential Information is required to be disclosed by subpoena, Law, litigation, arbitration or similar legal process, or to a Governmental Authority, the Recipient will promptly inform the Disclosing Party of the existence, terms and circumstances surrounding such request before any such disclosure is required so as to allow the Disclosing Party to protect the Confidential Information. The Recipient will consult with the Disclosing Party on the advisability of taking legally-available steps to resist or narrow such request. The Disclosing Party may thereafter seek to obtain a protective order, and the Recipient shall cooperate with the Disclosing Party in its efforts to obtain a protective order, to restrict access to, and any use or disclosure of, the Confidential Information, at the expense of the Disclosing Party. Notwithstanding anything else to the contrary contained herein, Confidential Information that is required to be disclosed in the ordinary course of the Company's business to MISO or to the Commission or other Governmental Authority pursuant to Law or the MISO Agreement may be so disclosed without compliance with this Section 13.9(b).

(c) Disclosure In Connection with Financing Transactions or Transfer of Units. In the event that a Recipient desires to disclose Confidential Information in connection with a financing or other similar transaction, including as part of the due diligence requested by a proposed counterparty (a "Third Party Recipient"), such Recipient may disclose such Confidential Information to such Third Party Recipient only after receipt by such Recipient from such Third-Party Recipient of a confidentiality agreement containing substantially the terms and conditions set forth in this Section 13.9; provided, however, that no competitively sensitive Confidential Information concerning an GridAmerica Company may be disclosed to any Person that is a direct competitor of such GridAmerica Company without such GridAmerica Company's prior written consent.

(d) Disclosure in Connection with Dispute. A Recipient may disclose Confidential Information to (i) the Panel in connection with an Arbitration pursuant to Section 12.2, (ii) to the Commission in connection with a Claim being heard by the Commission and (iii) to a court in connection with a dispute being heard by such court; provided, however, that the Recipient shall take reasonable steps to protect the confidentiality of such Confidential Information and, where the Recipient would not be materially adversely affected by its disclosure to the Disclosing Party of its intent to disclose such Confidential Information in

connection with a dispute as provided above, the Recipient shall so disclose to the Disclosing Party the Recipient's intent to so disclose such Confidential Information so as to allow the Disclosing Party the opportunity to protect such Confidential Information. In such case, the Recipient shall cooperate with the Disclosing Party in its efforts to obtain a protective order, to restrict access to, and any other use or disclosure of, the Confidential Information.

(e) Survival of Obligations. The obligations with respect to Confidential Information set forth herein shall survive the termination of this Agreement for five (5) years. Upon the termination of the obligations of this Agreement with respect to an item of Confidential Information, the Recipient shall be free to use and disclose such item of information freely and without any obligation to the Disclosing Party.

(f) Ownership of Confidential Information. Each Disclosing Party reserves its (and, if applicable, its licensor's) ownership rights in and to its Confidential Information disclosed to a Recipient and only grants a license to use such Confidential Information for the Approved Uses. In addition, each Recipient agrees that it does not acquire any ownership interest in the Confidential Information of any Disclosing Party by virtue of the combination of such Confidential Information with other Confidential Information, including that of the Company.

Section 13.10 Attorneys' Fees. In any dispute arising hereunder, the party prevailing at final judgment shall be entitled to recover from the other party all of its reasonable attorneys' fees and costs incurred in such a proceeding, in addition to any affirmative or injunctive relief that it may receive.

Section 13.11 Time is of the Essence. Time is of the essence of each provision of this Agreement.

Section 13.12 Further Assurances. Each Party agrees that it shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required and useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

Section 13.13 Late Payments. If a Party does not pay within ten (10) days of the date required hereunder, all or any portion of an amount such Party is required to pay as provided in this Agreement then (i) the amount such owing Party is required to pay shall bear interest at (A) the sum of (I) a varying rate per annum that is equal to the interest rate publicly quoted by The Wall Street Journal, from time to time as the prime commercial or similar reference interest rate with adjustments in that varying rate to be made on the same date as any change in that rate plus (II) 2% per annum or (B) such lower rate required under applicable Law, compounded annually and (ii) a Party to which payment is due may take any action, at the cost and expense of the owing Party to obtain payment by such owing Party of the portion of such owing Party's payment that is in default, together with interest thereon as provided above.

Section 13.14 Remedies.

(a) The Parties agree that a breach of this Agreement by any Party will result in irreparable damage to the other Parties for which no money damages could adequately compensate. In addition to all other remedies to which such other Parties may be entitled at law

or in equity, any Party shall be entitled to seek injunctive relief or specific performance to restrain or compel the breaching Party, and each Party expressly waives any claim that an adequate remedy at law exists for such a breach.

(b) Notwithstanding anything contained in this Agreement to the contrary, no Party shall be liable to any other Party for indirect, consequential, special or punitive damages on account of any action or proceeding brought hereunder or related hereto.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party as of the date first above written.

GRIDAMERICA LLC
BY GRIDAMERICA HOLDINGS INC., ITS
MANAGING MEMBER

By: \s\Nicholas P. Winser

Name: Nicholas P. Winser
Title: Chief Executive Officer
Date: February 14, 2003

GRIDAMERICA HOLDINGS, INC.

By: \s\Nicholas P. Winser

Name: Nicholas P. Winser
Title: Chief Executive Officer
Date: February 14, 2003

By: *\s\David A. Whiteley*
Name: *David A. Whiteley*
Title: *Senior Vice President*
Date: *February 14, 2003*

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED

By: *\s\Stanley F. Szwed*
Name: *Stanley F. Szwed*
Title: *Vice President*
Date: *February 14, 2003*

NORTHERN INDIANA PUBLIC SERVICE COMPANY

By: *\s\ Jerry L. Godwin*
Name: *Jerry L. Godwin*
Title: *Chief Operating Officer*
Date: *February 14, 2003*

NATIONAL GRID USA

By: *\s\ Richard P. Sergel by Nick Winser*
Name: *Richard P. Sergel*
Title: *President and CEO*
Date: *February 14, 2003*

Schedule A to Master Agreement

CERTAIN EXCLUDED EMPLOYEES

Paul Halas

Philip Johnson

Roger Kenyon

Nigel Williams

Nick Winser

Schedule B to Master Agreement

ADDRESSES FOR NOTICE

GridAmerica LLC

GridAmerica LLC
c/o National Grid USA
25 Research Drive
Westborough, MA 01582

```
Attn:    Nick Winser
         Senior Vice President
Fax:     508-366-5498
```

with a copy to:
Lawrence J. Reilly, Esq.
Senior Vice President and General Counsel Fax: 508-389-2605

GridAmerica Holdings Inc.

c/o National Grid USA
25 Research Drive
Westborough, MA 01582

```
Attn:    Nick Winser
         Senior Vice President
Fax:     508-366-5498
```

with a copy to:
Lawrence J. Reilly, Esq.
Senior Vice President and General Counsel Fax: 508-389-2605

Ameren Services Company

Ameren Services Company
One Ameren Plaza
1901 Chouteau Avenue
St. Louis, MO 63103

```
Attn:    David A. Whiteley
         Senior Vice President
Fax:     314-554-3066
```

Ameren Services Company
One Ameren Plaza
1901 Chouteau Avenue
St. Louis, MO 63103

```
Attn:    Steven R. Sullivan
         General Counsel
Fax:     314-554-4014
```

American Transmission Systems, Incorporated

c/o FirstEnergy Service Company
76 South Main Street
Akron, OH 44308
Attn: Stanley F. Szwed
Fax: 330-384-4988

Northern Indiana Public Service Company

Northern Indiana Public Service Company
801 E. 86th Avenue
Merrillville, IN 46410
Attn: Frank A. Venhuizen
Fax: 219-647-5630

National Grid USA

National Grid USA
25 Research Drive
Westborough, MA 01582

```
Attn:    Nick Winser
         Senior Vice President
Fax:     508-366-5498
```

with a copy to:
Lawrence J. Reilly, Esq.
Senior Vice President and General Counsel Fax: 508-389-2605

EXECUTION COPY

AMENDED AND RESTATED OPERATION AGREEMENT

by and among

UNION ELECTRIC COMPANY d/b/a AmerenUE

CENTRAL ILLINOIS
PUBLIC SERVICE COMPANY d/b/a AmerenCIPS

AMERICAN TRANSMISSION SYSTEMS, INCORPORATED

Northern indiana public service company

and

GRIDAMERICA LLC

February 14, 2003

TABLE OF CONTENTS

AMENDED AND RESTATED OPERATION AGREEMENT

THIS AMENDED AND RESTATED OPERATION AGREEMENT is made and entered into as of the 14th day of February, 2003 by and among (i) UNION ELECTRIC COMPANY d/b/a
AmerenUE and CENTRAL ILLINOIS PUBLIC SERVICE COMPANY d/b/a AmerenCIPS (collectively, "Ameren," and for all purposes of this Agreement, a single Transmission Owner), AMERICAN TRANSMISSION SYSTEMS, INCORPORATED ("ATSI"), and NORTHERN INDIANA PUBLIC SERVICE COMPANY ("NIPSCO"), (ii) GRIDAMERICA LLC, a Delaware limited liability company (the "Company"), each of which may be referred to as a "Party", or collectively as the "Parties."

RECITALS

WHEREAS, the United States Federal Energy Regulatory Commission (together with any successor agency, the "Commission") in Order No. 2000 called for the formation of regional transmission organizations to promote the creation of large electricity markets and to provide reliable, cost-efficient services to customers;

WHEREAS, the Midwest Transmission System Operator, Inc. ("Midwest ISO") is a Commission-approved regional transmission organization.

WHEREAS, on April 25, 2002, the Commission issued an order in Docket No. EL02-65 (99 FERC P. 61,105 (2002)) encouraging the formation of an Independent Transmission Company within the Midwest ISO.

WHEREAS, Ameren, ATSI and NIPSCO wish to comply with Order No. 2000 through the formation of an Independent Transmission Company within the Midwest ISO.

WHEREAS, on October 31, 2002, (i) Ameren, ATSI and NIPSCO (or their applicable affiliates), National Grid USA ("NGUSA"), the Initial Member and the Company entered into a Master Agreement dated as of October 31, 2002 (the "Original Master Agreement"), (ii) the Initial Member entered into the Limited Liability Company Agreement of the Company dated as of October 31, 2002 (the "Original LLC Agreement"), (iii) the Company and the Original GridAmerica Companies, or their applicable affiliates, entered into the Operation Agreement dated as of October 31, 2002 (the "Original Operation Agreement") and (iv) the Company and the Midwest ISO entered into the Appendix I ITC Agreement dated as of October 31, 2002 (the "Original MISO ITC Agreement");

WHEREAS, on December 19, 2002, the Commission issued an order in Docket Nos. ER02-2233-001 and EC03-14-000 (101 FERC P. 61,320 (2002)) (the "FERC Approving Order") conditionally accepting for filing, suspending and making effective subject to future refund, future filings and further orders the Original Master Agreement, the Original LLC Agreement, the Original Operation Agreement and the Original MISO ITC Agreement;

WHEREAS, each Transmission Owner agrees to transfer Functional Control over its Transmission Facilities to the Company and desires the Company to exercise Functional Control

over its Transferred Facilities on the terms and conditions set forth herein and in the MISO ITC Agreement;

WHEREAS, the Company agrees to accept Functional Control over the Transferred Facilities of the Transmission Owners on the terms and conditions set forth herein and in the MISO ITC Agreement, in each case as modified in compliance with the FERC Approving Order.

NOW THEREFORE, in consideration of the premises, and the mutual representations, warranties, covenants, and agreements hereinafter set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, each Transmission Owner, each acting in its individual capacity, and the Company agree to amend and restate the Original Operation Agreement in its entirety as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions. Terms with initial capitalization used in this Agreement without other definition shall have the meanings specified in this Article I.

"AAA" shall have the meaning given in Section 6.2(a).

"Acceptable Credit Bank" shall mean a bank that (i) is subject to review and examination by a federal Governmental Authority, (ii) is in good standing with such authority, (iii) has combined capital, surplus and undivided profits aggregating not less than $500 million and (iv) has unsecured long-term debt rated at least "A-" by Standard and Poor's Ratings Group and "A3" by Moody's Investors Service.

"Accounting Failure" shall mean a material deficiency in the Company's accounting practices or systems as identified in an audit conducted pursuant to the terms of this Agreement.

"Additional Arbitration Request" shall have the meaning given in Section 6.2(i).

"Additional Claim" shall have the meaning given in Section 6.2(i).

"Additional Term" shall have the meaning given in Section 5.1.

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly Controlling, Controlled by or under common Control with such Person. As used in this definition, "Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise); provided, however, that, in any event, any Person that owns directly or indirectly securities having at least a majority of the voting power for the election of directors or other members of the governing body of a corporation or at least a majority of the partnership or other ownership interests (that carry voting power) of any other Person will be deemed to Control such corporation or other Person.

"Agreement" shall mean this Amended and Restated Operation Agreement dated as of February 14, 2003, as it may be amended, modified or otherwise supplemented and in effect from time to time.

"Ameren" shall have the meaning given in the preamble.

"Ancillary Services" shall have the meaning given in the MISO OATT.

"Applicable Laws and Regulations" shall mean all applicable federal, state and local Laws, ordinances, rules and regulations, and all duly promulgated orders and other duly authorized actions of any Governmental Authority having jurisdiction over a Party, its facilities and/or the services it provides.

"Approved Uses" shall have the meaning given in Section 10.14(a)(ii).

"Arbitration" shall have the meaning given in Section 6.2.

"Arbitration Notice" shall have the meaning given in Section 6.2(b).

"Arbitration Rules" shall have the meaning given in Section 6.2(a).

"ATSI" shall have the meaning given in the preamble.

"Business Day" shall mean any day other than Saturday, Sunday, or other day on which banks are authorized or required to be closed in New York, New York.

"Cause" shall mean (i) Gross Negligence that causes, or is reasonably likely in the future to cause, a Material Adverse Effect, (ii) Willful Misconduct that causes, or is reasonably likely in the future to cause, a Material Adverse Effect or (iii) in the case of the Initial Member as Managing Member (A) the occurrence of any two Counted Years during any five calendar year period, or (B) the failure of NGUSA to comply in any material respect with any of its obligations set forth in Article III or Section 10.1 of the Master Agreement.

"Claimant Party" shall have the meaning given in Section 6.2(b).

"Claims" shall have the meaning given in Section 6.2(a).

"Collection Account" shall have the meaning given in Section 3.3.4(a).

"Commission" or "FERC" shall mean the Federal Energy Regulatory Commission or any successor agency.

"Company Payments" shall have the meaning given in Section 3.4.1(b).

"Company" shall mean GridAmerica LLC and any wholly-owned subsidiaries created for the purpose of satisfying state domestication requirements.

"Confidential Information" shall mean all confidential or trade secret information of a Disclosing Party provided to a Recipient pursuant to or in connection with any Transaction

Agreement, including business information; strategies; methods; technical information; pricing techniques and strategies; customer information; investor information; price curves; positions, plans and strategies for expansion or acquisitions, budgets, customer lists, studies of information and data, electronic databases, computer programs, bids or proposals, organizational structure, compensation of personnel, and new product information; provided, however, "Confidential Information" shall not include information that (i) was already known by (as established by dated documentation) a Recipient at the time of the receipt of such information by such Recipient from the Disclosing Party, (ii) is in, or subsequently enters, the public domain other than as a result of a disclosure by the Recipient in breach of an obligation of confidence, (iii) is received by the Recipient from a third party if such third party was not known to be subject to any confidentiality obligation, (iv) is independently developed by a Person without access to the Confidential Information provided by the Disclosing Party, (v) was or is furnished by a Disclosing Party to another Person without written confidentiality restrictions or (vi) is approved for release by written authorization of the Disclosing Party.

"Consent" shall mean any authorization, consent, opinion, order, approval, license, franchise, ruling, permit, tariff, rate, certification, exemption, filing or registration from, by, or with any Governmental Authority, any Person or any governing body of any Person.

"Counted Year" shall mean (i) any calendar year in which the Managing Member would have had liability under Section 11.8(e)(i) of the LLC Agreement but for the application of the limitation contained in clause (ii) of the proviso to such Section 11.8(e)(i) or (ii) any calendar year that is an Operation Agreement Counted Year; provided, however, that there may be only one Counted Year in any calendar year.

"Disclosing Party" shall have the meaning given in Section 10.14.

"Dispute Parties" shall have the meaning given in Section 6.2(b).

"Early Termination Event" shall have the meaning given in the LLC Agreement.

"Effective Date" shall mean October 31, 2002.

"Emergency" shall mean an event or situation which poses an imminent threat of material damage to property or injury (including death) to persons, or is imminently likely to cause a material adverse effect on the security of the Transmission System or the electrical or transmission systems of any other Person interconnected to the Transmission System.

"Entity" shall mean a corporation, limited liability company, partnership, limited partnership, trust, firm, association, or other organization which has a legal existence under the Laws of its jurisdiction of formation which is separate and apart from its owner or owners and any Governmental Authority.

"Fair Market Value" shall have the meaning given in the Master Agreement.

"FERC Approving Order" shall have the meaning given in the recitals hereof.

"Force Majeure" shall have the meaning given in the MISO OATT.

"Functional Control" shall mean the exercise by the Company of control over the operation of the Transmission System and performance of all of the activities contemplated by Order 2000. Notwithstanding anything to the contrary in this Agreement, Functional Control shall include all activities now or hereafter required under Applicable Laws and Regulations to be performed by RTOs.

"Generator" shall mean an Entity that owns or controls and operates an electric power generation facility which produces electrical energy.

"Good Business Practice" shall mean (i) the Company's exercise of Functional Control over the Transferred Facilities, except as ceded to the Midwest ISO under the MISO ITC Agreement, in accordance with Good Utility Practice and (ii) the Company's fulfillment in a commercially reasonable manner and, where applicable, in accordance with Good Utility Practice, of its obligations hereunder and under the other Transaction Agreements, all Applicable Laws and Regulations and all other agreements to which the Company is a party.

"Good Business Practice Breach" shall have the meaning given in Section 3.4.1(a).

"Good Utility Practice" shall have the meaning given in the MISO OATT.

"Governmental Authority" shall mean a federal, state, local or foreign governmental authority; a state, province, commonwealth, territory or district thereof; a county or parish; a city, town, township, village or other municipality; a district, ward or other subdivision of any of the foregoing; any executive, legislative or other governing body of any of the foregoing; any agency, authority, board, department, system, service, office, commission, committee, council or other administrative body of any of the foregoing; any court or other judicial body and any officer, official or other representative of any of the foregoing.

"GridAmerica HoldCo" shall have the meaning given in the Master Agreement.

"GridAmerica ITC" shall mean the ITC created by the Transmission Owners, the Company and NGUSA pursuant to the Master Agreement, the LLC Agreement and this Agreement.

"Gross Negligence" shall mean the gross negligence of (i) the Company in the performance of its duties or obligations under this Agreement other than in its capacity as an owner of facilities that comprise part of the Transmission System or (ii) any Affiliate of the Company that provides services to or for the benefit of the Company in the performance of those services, other than any Affiliate which owns facilities that are part of the Transmission System in its capacity as such.

"Indemnified Owners" shall have the meaning given in Section 4.2.4(a).

"Indemnified Party" shall have the meaning given in Section 4.2.5(a).

"Indemnifying Owner" shall have the meaning given in Section 4.2.4(a).

"Indemnity Cap" shall have the meaning given in Section 4.2.4(c).

"Indemnifying Party" shall have the meaning given in Section 4.2.5(a).

"Independent Transmission Company" or "ITC" shall mean an independent transmission company approved pursuant to Commission order or regulation.

"Initial Management Fee" shall have the meaning given on the LLC Agreement.

"Initial Member" shall have the meaning given in the LLC Agreement.

"Initial Public Offering" shall have the meaning given in the LLC Agreement.

"Initial Term" shall mean the period commencing on the Effective Date and ending on the fifth anniversary of the Transmission Service Date.

"Interconnection Agreement" shall mean an agreement between the Company and either (i) a Generator governing the terms and conditions of the interconnection of a generation facility to the Transmission System or (ii) a local distribution entity governing the terms and conditions of the interconnection of distribution facilities to the Transmission System.

"Interconnection Customer" shall mean a Generator or local distribution entity which has entered into an Interconnection Agreement.

"Interconnection Procedures" shall mean those procedures and form of agreement governing the interconnection of the facilities of a Generator or a local distribution entity with the Transferred Facilities which are established by the Company and effective pursuant to Applicable Laws and Regulations or, prior to such effectiveness, the MISO OATT and the interconnection protocols of the Midwest ISO, as each may be amended, modified or otherwise supplemented from time to time.

"Interconnection Service" shall, with respect to a Generator, have the meaning given in the MISO OATT, and, with respect to a local distribution entity, have the meaning given in the Interconnection Agreement between the Company and such local distribution entity.

"ITC Order" shall mean the order issued by the Commission authorizing the Company to operate as an ITC within the Midwest ISO pursuant to the terms of the MISO ITC Agreement and any other order of the Commission pertaining to the Company's rights or responsibilities with respect to the Transferred Facilities.

"Law" shall mean any applicable constitutional provision, statute, act, code (including the United States Internal Revenue Code of 1986, as amended from time to time), law, regulation, rule, ordinance, order, decree, ruling, proclamation, resolution, judgment, decision, declaration, or interpretive or advisory opinion of a Governmental Authority.

"Liability Cap Amount" shall mean, in any calendar year, an amount equal to the Initial Management Fee for such calendar year.

"LLC Agreement" shall mean the Amended and Restated Limited Liability Company Agreement of the Company dated as of February 14, 2003, as the same may be amended, modified, or otherwise supplemented and in effect from time to time.

"Lockbox Account" shall have the meaning given in Section 3.3.4(a).

"Lockbox Bank" shall have the meaning given in Section 3.3.4(a).

"Lockbox Subaccount" shall have the meaning given in Section 3.3.4(a)(ii).

"Losses" shall mean any and all damages, losses, claims, demands, suits, recoveries, costs, expenses, liabilities to third parties, reasonable attorneys' fees, and penalties or other sanctions imposed by Governmental Authorities.

"Majority of Indemnifying Transmission Owners" shall have the meaning given in Section 4.2.5(b).

"Management Fee" shall have the meaning given in the LLC Agreement.

"Managing Member" shall mean the managing member of the Company as designated in accordance with Section 6.1 of the LLC Agreement.

"Market Participant" shall mean a Person that is a "Market Participant" within the meaning of Order 2000, or any subsequent rule, regulation or order of the Commission establishing the requirements of independence for a Person managing an ITC exercising the functions and responsibilities that the Company will exercise under the MISO ITC Agreement.

"Master Agreement" shall mean the Amended and Restated Master Agreement dated as of February 14, 2003 among the Company, NGUSA and each Transmission Owner or its applicable Affiliate as the same may be amended, modified or otherwise supplemented and in effect from time to time.

"Material Adverse Effect" means an effect that is, or is reasonably likely to be, materially adverse to the business, assets, condition (financial or otherwise) or operations of the Transmission System taken as a whole.

"Member" shall mean any Person who is a member of the Company, including the Managing Member.

"Midwest ISO" shall mean the Midwest Independent Transmission System Operator, Inc.

"MISO ITC Agreement" shall mean the Amended and Restated Appendix I ITC Agreement by and between the Midwest ISO and the Company dated as of February 14, 2003, as the same may be amended, modified or otherwise supplemented and in effect from time to time.

"MISO OATT" shall mean the Open Access Transmission Tariff of the Midwest Independent Transmission System Operator, Inc. on file with the Commission, as it may be amended, modified or otherwise supplemented and in effect from time to time.

"NERC" shall mean the North American Reliability Council, applicable regional electric reliability councils, or successor organizations.

"Net Plant" or "net plant" shall mean, as of the date of determination thereof and with respect to any Transmission Facilities, the net book value of such Transmission Facilities as computed using the information shown in the then most recent FERC Form 1 filed with the Commission with respect to such Transmission Facilities. For the avoidance of doubt, for any and all purposes of this Agreement and the other Transaction Agreements, (i) "Net Plant" shall be calculated, and if required adjusted, annually on each anniversary of the Effective Date and (ii) the calculation made and FERC Form 1 information used shall be the difference between (A) the information on page 207, Electric Plant in Service (Account 101, 102, 103 and 106), line 53, Total Transmission Plant, Column G, less (B) the information on page 219, Accumulated Provision for Depreciation of Electric Utility Plant (Account 108), Section B. Balances at End of Year According to Functional Classification, line 23, Transmission, Column C; provided, however, that if FERC Form 1 is modified or changed such that the foregoing designations no longer apply, the information used shall be that information in the modified or changed form that provides, as nearly as practicable, the same substantive result as the foregoing.

"Network Upgrades" shall have the meaning given in the MISO OATT.

"NGUSA" shall mean National Grid USA.

"NIPSCO" shall have the meaning given in the preamble.

"Non-Market Participant" shall mean a Person that is not a Market Participant.

"Non-transferred Facilities" shall mean, with respect to any Transmission Owner, such Transmission Owner's transmission facilities and distribution facilities (i) which are not Transferred Facilities, but which are necessary for the provision of Transmission Service or Wholesale Distribution Service to Eligible Customers pursuant to the MISO OATT and which may be subject to an agency agreement; and that are disclosed to the Company prior to the Transmission Service Date or (ii) as a Transmission Owner may subsequently include as "Non-transferred Facilities" for purposes of this Agreement.

"Notice of Removal Dispute" shall have the meaning given in Section 6.3.2.

"Operation Agreement Counted Year" shall mean a calendar year with respect to which either (i) any Transmission Owner shall have any indemnity obligation to the Company pursuant to Section 4.2.4(c) with respect to any Good Business Practice Breach or (ii) any Transmission Owner would have had a claim for indemnification against the Company pursuant to Section 3.4.1(a) with respect to any claim occurring in such year and involving any Good Business Practice Breach but for the fact that the amount of Losses suffered or incurred by such Transmission Owner with respect to such claim plus the Company Payments in respect of Losses occurring in such year exceeded the Liability Cap Amount for such year.

"Operational Failure" shall mean in any calendar year (a) the failure of the Company to perform the functions it is permitted to perform under the MISO ITC Agreement with respect to the delivery of more than (i) 0.01% of the total megawatt hours of Transmission Transactions

within the Transmission System or (ii) 0.4% of the total megawatt hours of approved Transmission Transactions for a particular contract path within the Transmission System or (b) any damage to facilities that comprise part of any Transmission Owner's Transferred Facilities caused solely by the approval by the Company to the extent permitted under the MISO ITC Agreement of a volume of Transmission Transactions that exceed the capacity of the affected facilities; provided, however, that failures caused by (i) Force Majeure occurrences, (ii) the failure of a Transmission Owner to follow Good Utility Practice or (iii) circumstances arising on an interconnected transmission system shall not be considered in determining whether an Operational Failure has occurred.

"Order 2000" shall mean the Commission's order identified as Regional Transmission Organizations, Docket No. RM99-2-000, 89 FERC P. 61,285 (1999), all subsequent orders of the Commission in such docket, and all other orders of the Commission pertaining to the rights and obligations of an RTO.

"Overpaid Party" shall have the meaning given in Section 3.3.4(c).

"Overpayment" shall have the meaning given in Section 3.3.4(c).

"Panel" shall have the meaning given in Section 6.2(d).

"Party" shall have the meaning given in the preamble.

"Pass-Through Basis" shall mean that the obligation of a Party making a payment to another Party under this Agreement shall be only to pay that amount which such Party receives from a third party in respect of such payment obligation to such Person.

"Payment Event" shall have the meaning given in Section 4.2.4(c).

"Percentage Interests" shall have the meaning given in the LLC Agreement.

"Person" shall mean any natural person or Entity.

"Recipient" shall have the meaning given in Section 10.14.

"Regional Transmission Organization" or "RTO" shall have the meaning given in 18 C.F.R ss. 35.34(b)(1) of the Commission's regulations or such successor definition approved by the Commission.

"Related Proceeding" shall have the meaning given in Section 6.2(c).

"Removal Arbitration" shall have the meaning given in Section 6.3.

"Removal Claim" shall have the meaning given in Section 6.3.

"Removal Claimant" shall have the meaning given in Section 6.3.2.

"Removal Dispute Parties" shall have the meaning given in Section 6.3.2.

"Removal Notice " shall have the meaning given in Section 6.3.2.

"Removal Respondent Party" shall have the meaning given in Section 6.3.2.

"Representatives" shall have the meaning given in Section 10.14(a).

"Respondent Party" shall have the meaning given in Section 6.2(b).

"SEOs" shall have the meaning given in Section 6.1.

"Super Majority of Transmission Owners" shall mean (i) prior to the date on which the Company first issues Units in exchange for Transmission Facilities, two-thirds or more of the Transmission Owners and (ii) thereafter, one or more owners of transmission facilities who, among them, own (through actual or deemed ownership as provided below) Transmission Facilities that are subject to the Functional Control of the Company pursuant to this Agreement or are owned by the Company with a Net Plant greater than 66.67% of the aggregate Net Plant of all Transmission Facilities subject to such Functional Control of the Company pursuant to this Agreement or are owned by the Company. For purposes of the above vote, the "owner of transmission facilities" means (i) in the case of Transmission Facilities subject to the Company's Functional Control pursuant to this Agreement, the Person that actually owns such Transmission Facilities and (ii) in the case of Transmission Facilities actually owned by the Company, the Members in accordance with their respective Percentage Interests (as defined in the LLC Agreement). In the event that an Initial Public Offering shall have occurred, the independent board members of GridAmerica HoldCo shall vote the deemed ownership interest of GridAmerica HoldCo.

"Taxes" shall mean all taxes, charges, fees, levies, penalties, and all other assessments imposed by any Governmental Authority, including, but not limited to, income, excise, property sales, transfer, franchise, payroll, withholding, social security, or other taxes, including any interest, penalties, or additional charges attributable thereto.

"Tax Return" shall mean any return, report, information return or other document (including any related or supporting information) required to be filed with or supplied to any Governmental Authority with respect to Taxes.

"Third Party Claims" shall have the meaning given in Section 4.2.4(c).

"Third Party Recipient" shall have the meaning given in Section 10.14(c).

"Transaction Agreements" shall have the meaning given in the LLC Agreement.

"Transferred Facilities" shall mean, with respect to any Transmission Owner, the Transmission Facilities owned by such Transmission Owner, for which Functional Control has been transferred to the Company pursuant to this Agreement and in compliance with Applicable Laws and Regulations, and which are described on such Transmission Owner's subappendix to Appendix A, as Appendix A may be amended, modified or otherwise supplemented from time to time in compliance with Applicable Laws and Regulations.

"Transmission Business" shall mean, with respect to a Party, its business, assets, and activities relating to the transmission of electricity through Transferred Facilities.

"Transmission Customer" shall have the meaning given in the MISO OATT.

"Transmission Facilities" shall mean facilities used for the transmission of electric power and energy of the kind subject to the jurisdiction of the Commission.

"Transmission Owner" shall mean a Person who is a Party to this Agreement and transfers Functional Control of Transmission Facilities to the Company. The initial Transmission Owners are Ameren, ATSI, NIPSCO.

"Transmission Service" shall mean "Transmission Service" as defined in the MISO OATT and "Network Integration Transmission Service" as defined in the MISO OATT but shall not include Interconnection Service.

"Transmission Service Date" shall have the meaning given in the Master Agreement.

"Transmission System" shall mean Transferred Facilities and Non-transferred Facilities taken as a whole.

"Transmission Transaction" shall mean Transmission Service scheduled by the Company to the extent permitted by the MISO ITC Agreement.

"Transmission User" shall have the meaning given to the term "Users" in the
MISO OATT.

"Underpaid Party" shall have the meaning given in Section 3.3.4(c).

"Underpayment" shall have the meaning given in Section 3.3.4(c).

"Willful Misconduct" shall mean (i) an act or omission by (A) the Company in the performance of its duties or obligations under this Agreement or (B) any Affiliate thereof that provides services to or for the benefit of the Company in the performance of such services, in either case, that is in disregard of a known, reasonably knowable or reasonably obvious risk that harm to the Company, any Transmission Owner, or any of the facilities included in the Transmission System is likely to follow or (ii) a deliberate breach of this Agreement by (A) the Company in respect of any of its duties or obligations hereunder or (B) any Affiliate thereof that provides services to or for the benefit of the Company, in either case, in the performance of such services; provided, however, that an act by the Company in its capacity as an owner of facilities that comprise part of the Transmission System or any act or omission of an Affiliate which owns facilities that are part of the Transmission System in its capacity as such shall not be considered Willful Misconduct.

1.2 Rules of Construction. The following provisions shall be applied wherever appropriate herein:

(i) "herein," "hereby," "hereunder," "hereof," "hereto" and other equivalent words shall refer to this Agreement as an entirety and not solely to the particular portion of this Agreement in which any such word is used;

(ii) "including" means "including without limitation" and is a term of illustration and not of limitation;

(iii)all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural;

(iv) unless otherwise expressly provided, any term defined in this Article I by reference to any other document shall be deemed to be amended herein to the extent that such term is subsequently amended in such document;

(v) wherever used herein, any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders;

(vi) neither this Agreement nor any other agreement, document or instrument referred to herein or executed and delivered in connection herewith shall be construed against any Person as the principal draftsperson hereof or thereof;

(vii)the Section headings appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or extent of such section, or in any way affect this Agreement;

(viii) any references herein to a particular Section, Article or Appendix means a Section or Article of, or an Appendix to, this Agreement unless another agreement is specified; and

(ix) the Appendices attached hereto are incorporated herein by reference and shall be considered part of this Agreement.

ARTICLE II
AUTHORIZATIONS BY THE TRANSMISSION OWNERS

2.1 Functional Control Authorization. Each Transmission Owner hereby agrees that on and as of the Transmission Service Date the Company shall, and the Company hereby agrees to, (i) assume Functional Control over such Transmission Owner's Transferred Facilities, and (ii) cede to the Midwest ISO those functions set forth in the MISO ITC Agreement to be ceded to the Midwest ISO, in each case for the Initial Term and any Additional Term. The Company shall not exercise direct physical control over the Transferred Facilities except as set forth in this Agreement or in a separate agreement with a Transmission Owner. Notwithstanding the foregoing, the Parties shall not have any rights, duties, or obligations under this Agreement until the Transmission Service Date has occurred, except with respect to the Parties' respective rights, duties, and obligations under Articles V, VI, VII, IX and X hereof, and so much of Article I hereof as is applicable. If a Person becomes a Transmission Owner pursuant to Section 3.4.3, the Company shall assume Functional Control over the Transferred Facilities of such Transmission Owner on the later of (i) the date set forth in the amendment hereto entered into

between the Company and such Transmission Owner pursuant to Section 3.4.3 and (ii) the Transmission Service Date.

2.2 Non-transferred Facilities. Each Transmission Owner hereby appoints the Company as its agent (and the Company hereby agrees to serve as such agent) to exercise Functional Control over Non-transferred Facilities to the extent necessary for the Company to perform its obligations under this Agreement and the MISO ITC Agreement. Upon the Company's request, each Transmission Owner further agrees to provide the Company with all information relating to its Non-transferred Facilities that is necessary or appropriate for the Company to perform its obligations under this Agreement and the functions set forth in the MISO ITC Agreement. The agency authorization set forth in this Section 2.2 shall not be construed as authorizing the Company to enter into any agreement that creates any liability, costs, or other obligation to be borne by any Transmission Owner that is not expressly set forth in the MISO OATT or to enter into any agreement providing for Interconnection Service with regard to Non-transferred Facilities.

2.3 Interconnection Agreements. Each Transmission Owner acknowledges and agrees that the Company is obligated under the MISO ITC Agreement to be responsible for Interconnection Service on the Transferred Facilities. Whether or not the Transmission Owner also is a party to any such Interconnection Agreement, each Transmission Owner authorizes the Company to enter into Interconnection Agreements and related agreements involving its Transferred Facilities (but not its Non-transferred Facilities) in accordance with the MISO ITC Agreement and the Interconnection Procedures. Each Transmission Owner shall, upon the reasonable request of the Company, cooperate in the performance of activities necessary to implement requests for interconnection to its Transferred Facilities and necessary to implement the terms of Interconnection Agreements and other agreements related thereto. To the extent that such Interconnection Agreements require the Company to design, procure, construct, install, and/or maintain upgrades to a Transmission Owner's Transferred Facilities or interconnection facilities between the point of interconnection and a Transmission Owner's Transferred Facilities, such Transmission Owner shall perform such activities (including providing for the design, procurement and construction of the necessary facilities) to the extent directed by, and under the supervision of, the Company. Such Transmission Owner shall timely provide to the Company an estimate of the costs such Transmission Owner expects to incur in the performance of such activities. To the maximum extent permitted under the MISO ITC Agreement and the Interconnection Procedures, the Company shall require an interconnecting Generator or local distribution entity, as the case may be, to provide funds in advance of construction in amounts sufficient to compensate the affected Transmission Owner for the amount estimated by the affected Transmission Owner as the cost to be incurred in connection with such interconnection facilities and any associated interconnection system upgrades and the Company shall remit such funds to the Transmission Owner on a Pass-Through Basis. If the Company is not permitted to require an interconnecting Generator or local distribution entity to provide funding in advance, the Company shall, to the extent permitted by the MISO ITC Agreement and the Interconnection Procedures, assist the Transmission Owners to recover their verifiable costs of performing interconnection activities. In no event shall the Company be responsible for payments to the Transmission Owner other than on a Pass-Through Basis except as follows: (i) to the extent that the Company fails to require advance funds and/or credit support in an amount no less than the amount estimated by the Transmission Owner or as otherwise determined in an appropriate

proceeding as the cost to be incurred in connection with such interconnection facilities and any associated interconnection system upgrades, provided that the Company is permitted to require such amount of advance funds and/or credit support under the MISO ITC Agreement, the Interconnection Procedures and Applicable Laws and Regulations or (ii) if the Company initiates a proceeding (except as is necessary or appropriate to comply with a Commission requirement or Commission policy) to reduce the credit support requirements with respect to interconnection customers generally or that customer in particular from the levels permitted under the Interconnection Procedures without the written consent of the Transmission Owners and such credit approval requirements are reduced as a result of such proceeding. Any interconnection system upgrades and/or interconnection facilities constructed or installed on the Transmission System side of the point of interconnection and such other facilities as may be identified in regard to the interconnection shall become part of such Transmission Owner's Transferred Facilities subject to this Agreement. To the extent the Company possesses property rights in any such interconnection facilities, the Company shall execute appropriate and customary bills of sale, easements, deeds, assignments, and other documents as may be necessary from time to time to convey to such Transmission Owner any property interest that the Company may have in such assets free and clear of all liens and encumbrances created by the Company.

2.4 Network Upgrades. Each Transmission Owner acknowledges and agrees that the Company is obligated under the MISO ITC Agreement to use commercially reasonable efforts to construct Transmission Facilities as directed by the Midwest ISO in order to enable the Midwest ISO to provide Transmission Service pursuant to the MISO OATT. Each Transmission Owner authorizes the Company to enter into agreements with Transmission Customers involving Network Upgrades to its Transferred Facilities which are necessary or desirable to enable the Company to perform its obligations under this Agreement and the MISO ITC Agreement, provided that all such agreements shall be entered into in accordance with the MISO OATT. Each Transmission Owner shall, upon the reasonable request of the Company, cooperate in the performance of activities necessary to fulfill the terms of any agreement involving such Network Upgrades and any agreements related thereto. To the extent that such agreements require the Company to design, procure, construct, install, and/or maintain upgrades or additions to a Transmission Owner's Transferred Facilities, such Transmission Owner shall perform such activities (including providing for the design, procurement and construction of the necessary facilities) to the extent directed by, and under the supervision of, the Company. Such Transmission Owner shall timely provide to the Company an estimate of the costs such Transmission Owner expects to incur in the performance of such activities. To the maximum extent permitted under the MISO ITC Agreement and the MISO OATT, the Company shall require a Transmission Customer to provide funds in advance of construction in amounts sufficient to compensate the affected Transmission Owner for the amount estimated by the affected Transmission Owner as the cost to be incurred in connection with such Network Upgrades and shall remit such funds to the affected Transmission Owner or Transmission Owners on a Pass-Through Basis. If the Company is not permitted to require a Transmission Customer to provide funding in advance, the Company shall, to the extent permitted by the MISO ITC Agreement and the MISO OATT, assist each affected Transmission Owner to recover its verifiable costs of performing the Network Upgrade activities. In no event shall the Company be responsible for payments to the Transmission Owner other than on a Pass-Through Basis, except as follows: (i) to the extent that the Company fails to require advance funds and/or credit support in an amount no less than the amount estimated by the Transmission Owner or as

otherwise determined in an appropriate proceeding as the cost to be incurred in connection with such Network Upgrades, provided that the Company is permitted to require such amount of advance funds and/or credit support under the MISO ITC Agreement, the MISO OATT and Applicable Laws and Regulations or (ii) if the Company initiates a proceeding (except as is necessary or appropriate to comply with the MISO ITC Agreement, the MISO OATT or a Commission requirement or Commission policy) to reduce the credit support requirements with respect to Transmission Customers generally or that Transmission Customer in particular from the levels permitted under the MISO ITC Agreement and the MISO OATT without the written consent of the Transmission Owners and such credit approval requirements are reduced as a result of such proceeding. Any Network Upgrades constructed or installed on the Transmission System and such other facilities as may be identified shall become part of the applicable Transmission Owner's Transferred Facilities subject to this Agreement. To the extent the Company possesses property rights in any such Network Upgrades, the Company shall execute appropriate and customary bills of sale, easements, deeds, assignments, and other documents as may be necessary from time to time to convey to such Transmission Owner any property interest that the Company may have in such asset free and clear of all liens and encumbrances created by the Company.

2.5 Revenue Collection and Distribution. Prior to the Transmission Service Date the Transmission Owners shall provide to the Company written instructions specifying the manner in which all revenues received for the provision of Transmission Services and other services provided pursuant to the MISO OATT shall be distributed among the Transmission Owners, and the Company shall comply with such instructions unless and until such instructions are revised by the Transmission Owners; provided, however, that all revenues comprising incentive revenues, whether received by the Transmission Owners directly or indirectly through the Company, shall be determined and allocated to the Company and to each Transmission Owner as set forth in Section 4.3.2. To the extent that the proper distribution of revenues requires a Transmission Owner to provide information and/or instructions to the Company, the Company shall be entitled to rely upon such information and/or instructions provided by the Transmission Owner and shall not have any obligation to independently verify such information.

2.6 The Company as Owner of Transmission Facilities; Non-Discrimination.

2.6.1The Company as Owner of Transmission Facilities. If the Company acquires any facilities included in the Transmission System, it shall operate such facilities as part of an integrated system together with the other facilities included in the Transmission System, but, except as specifically provided in this Agreement, shall not be deemed to be a Transmission Owner pursuant to this Agreement; provided, however, that if an Affiliate of the Company acquires facilities that comprise part of the Transmission System, such Affiliate shall execute an assumption agreement assuming the rights, duties and obligations of the selling Transmission Owner hereunder with respect to such facilities and shall be treated as a Transmission Owner for all purposes under this Agreement. Such Affiliate shall assume the same rights, duties, and obligations under this Agreement as the Transmission Owner from whom such Affiliate purchased the facilities.

2.6.2Nondiscrimination. The Company shall perform its obligations under this Agreement in a manner that does not discriminate in favor of or against the Transferred Facilities of any Transmission Owner or of the Company or its Affiliates, and in furtherance thereof, shall not engage in activities intended to enhance the revenue of the Company or any Transmission Owner relative to another Transmission Owner or the Company. The Company shall treat the Transmission Facilities that are Transferred Facilities but are not owned by the Company and the Transmission Facilities the Company owns as a single integrated business with respect to operations, rate design and other matters affecting the financial return on such assets to their owners and, in that connection, shall not give undue preference to any particular Transmission Facilities. The Company's compliance with this Section 2.6.2 shall be determined taking into consideration the totality of the circumstances, and it shall have an absolute defense to any claim of violation of this
Section that the action or inaction complained of was within the authority ceded to the Midwest ISO or undertaken or not undertaken at the direction of the Midwest ISO pursuant to the MISO ITC Agreement. The fact that a Transmission Owner is disadvantaged vis-a-vis any other Transmission Owner or the Company shall not in itself constitute a violation of the Company's obligations under this Section. A Transmission Owner shall not be required to provide evidence of the Company's express intent to disadvantage such Transmission Owner in order to demonstrate that the Company has violated this Section. The Parties agree to submit all disputes relating to this anti-discrimination provision to the Commission for resolution; provided, however, that a Party may institute an Arbitration if the Commission disclaims jurisdiction over a dispute.

ARTICLE III
RIGHTS, POWERS, AND OBLIGATIONS OF THE GridAmerica ITC

3.1 Operation And Planning.

3.1.1 Standards.

(a) The Company shall participate in the Midwest ISO to the extent set forth in the MISO ITC Agreement. The Company shall perform its obligations under this Agreement, in accordance with Good Business Practice. Notwithstanding the foregoing, in recognition of the fact that the Company has ceded certain functions with respect to the Transmission Facilities to the Midwest ISO pursuant to the MISO ITC Agreement, the Company shall not be deemed to have violated Good Business Practice by entering into the MISO ITC Agreement, any amendments or modifications thereto, or any similar agreements in which one or more Regional Transmission Organizations assumes responsibility for any part of Functional Control of any Transmission Facilities or the operation thereof, and

it shall be absolute defense to any claim that the Company did not adhere to Good Business Practices that (i) the Midwest ISO (or another RTO) had responsibility for the performance of the function in question under the MISO ITC Agreement or any similar agreement or under Applicable Laws and Regulations or (ii) that the Company was acting under instruction of the Midwest ISO (or another RTO) given pursuant to the MISO ITC Agreement or any similar agreement, provided that the Company shall have exercised Good Utility Practice in its actions implementing such instructions.

(b) The Company shall adhere to all applicable reliability guidelines, policies, standards, rules, regulations, orders, license requirements and all other requirements of the Midwest ISO, NERC or the regional reliability council of NERC in which Transferred Facilities are located, each Transmission Owner's specific reliability requirements and operating guidelines applicable on the Transmission Service Date and as thereafter modified by the Transmission Owner with the agreement of the Company to the extent permitted under the MISO ITC Agreement, and all Applicable Laws and Regulations. Disputes regarding a Transmission Owner's specific reliability requirements and operating guidelines shall be submitted to the Midwest ISO for resolution. Pending resolution of such disputes, to the extent permitted under the MISO ITC Agreement, a Transmission Owner's specific reliability requirements and operating guidelines applicable on the Transmission Service Date (or thereafter modified by the Transmission Owner with the consent of the Company) shall be used by the Company with respect to the Transmission Owner's facilities until the issue is resolved.

3.1.2Reliability. The Company hereby assumes and shall have responsibility for the reliability of the Transferred Facilities to the extent permitted under the MISO ITC Agreement, subject to Applicable Laws and Regulations.

3.1.3Planning and Operating Activities. The Company shall adopt detailed procedures for planning and operating the Transferred Facilities, including procedures for developing plans for the expansion and utilization of the Transferred Facilities and the implementation of the Company's planning and operating responsibilities under the MISO ITC Agreement. The procedures adopted by the Company shall become effective as of the Transmission Service Date for all purposes under this Agreement. If, as of the Transmission Service Date, more than one Transmission Owner disagrees with a procedure adopted by the Company, then those Transmission Owners which so disagree jointly shall have the right to submit the dispute to an independent engineer who is a Non-Market Participant and is reasonably acceptable to the Company; provided,

however, that no such disagreement or dispute resolution process shall delay the occurrence of the Transmission Service Date; and provided further, that the procedures adopted by the Company shall remain in effect pending receipt of the recommendation of the independent engineer. The Company shall adopt and make effective, prospectively, the procedure recommended by the independent engineer to the extent such recommended procedure does not adversely affect the ability of the Company to perform its obligations under the MISO ITC Agreement or to comply with Applicable Laws and Regulations. The planning and operating procedures shall set forth the process by which such procedures may be amended, modified and supplemented from time to time after the Transmission Service Date.

3.1.4Performance of Regulatory Obligations. The Company shall comply, and shall provide such information to each Transmission Owner as each such Transmission Owner requires to comply, and shall otherwise assist each such Transmission Owner in complying, with existing transmission, reporting, operating, filing, and planning obligations of each such Transmission Owner that are imposed by Applicable Laws and Regulations and which can no longer be performed solely by such Transmission Owner following the Transmission Service Date.

3.2 Other Matters.

3.2.1Pricing. The Company or one or more Transmission Owners may propose to the Commission such transmission pricing for Transmission Service provided on the Transmission System to the extent permitted under Applicable Laws and Regulations.

3.2.2Ancillary Services. The Company may offer Ancillary Services to the extent permitted by the MISO ITC Agreement, subject to Applicable Laws and Regulations.

3.3 Responsibilities To The Transmission Owner.

3.3.1Relationship. Except to the extent that (a) a Transmission Owner has divested some or all of its Transferred Facilities to the Company or an Affiliate of the Company or (b) the Company and a Transmission Owner have, by separate agreement, agreed to joint ownership of certain Transferred Facilities, the Company shall not by reason of this Agreement, have any ownership interest in the Transferred Facilities or in any revenues or other monies to which a Transmission Owner is entitled hereunder.

3.3.2Avoidance of Damage. If the Company undertakes any action or avoidance of any action in compliance with instructions of the Midwest ISO issued to the Company pursuant to the Midwest ISO's functional

responsibilities under the MISO ITC Agreement, and a Transmission Owner reasonably believes that such action or avoidance of action would cause damage to the Transferred Facilities or any portion thereof or any property of the Transmission Owner affected by the Company's action or avoidance of action, such Transmission Owner shall promptly advise the Company of the expected consequences of the Company's action or inaction and the Company after receipt of such notice shall promptly advise the Midwest ISO of such expected consequences. Notwithstanding the foregoing, any action or avoidance of action by the Company undertaken in compliance with an instruction issued to the Company by the Midwest ISO (after advising the Midwest ISO of the expected consequences) and in accordance with the exercise of Good Business Practice shall not constitute a breach of the Company's obligations under this Agreement.

3.3.3 Duty to Maximize Transmission System Value. The Company shall use commercially reasonable efforts to maximize the long-term value, including net revenues, of the Transmission System so long as such efforts are consistent with its reliability responsibilities, customer service obligations and other obligations under this Agreement, the MISO ITC Agreement and Applicable Laws and Regulations.

3.3.4 Lockbox Account.

(a) The Company shall establish promptly after the execution hereof and shall maintain at all times a lockbox account (together with any subaccounts) (the "Lockbox Account") with an Acceptable Credit Bank selected by the Company (the "Lockbox Bank"). All payments for Transmission Service received by the Company shall be deposited in the Lockbox Account to be allocated among the Company and the Transmission Owners in a manner agreed to by the Parties.

The Company shall:

(i) establish a collection account (the "Collection Account") which shall be expressly designated as a custodial account established for the joint benefit of the Company and each Transmission Owner into which payments will be made by the Midwest ISO and any other Person making payments to the Company;

(ii) establish a separate subaccount for each Transmission Owner and the Company to facilitate the distribution of funds to which each Transmission Owner and the Company is entitled on a Pass-Through Basis or as otherwise agreed

to by the Parties (with respect to each Transmission Owner and the Company, its "Lockbox Subaccount"); And

(iii)the grant of a security interest to each Transmission Owner in (a) its Lockbox Subaccount and (b) to the extent of its interests therein, the Collection Account and all amounts deposited therein;

(iv) instruct the Lockbox Bank that funds deposited into the Collection Account may be transferred by the Company only into the Lockbox Subaccounts referred to in
Section 3.3.4(a)(ii) pursuant to Section 3.3.4(b).

(v) instruct the Lockbox Bank that each Transmission Owner and the Company shall have the right, without the consent of any other Person, to withdraw amounts on deposit in such Transmission Owner's or the Company's Lockbox Subaccount as and when desired by such Transmission Owner and/or the Company.

(b) As soon as practical after receipt of collected funds in the Collection Account, the Company shall cause the Lockbox Bank to transfer the share of such funds belonging to each of the Company and the Transmission Owners to its respective Lockbox Subaccount. The Company and the Transmission Owners acknowledge and agree that the Lockbox Subaccounts and all amounts deposited therein are to constitute the sole and exclusive property of the Transmission Owner or the Company in whose name such Lockbox Subaccount is opened.

(c) Any Party that acquires actual knowledge that it has received from the Lockbox Bank funds in excess of those to which such Party is entitled hereunder (an "Overpayment") promptly shall provide the Company with written notice of such overpayment. If within one (1) year of receipt of funds by a Party from the Lockbox Bank such Party determines that it has received funds less than those to which such Party is entitled hereunder (an "Underpayment"), such Party promptly shall provide the Company with written notice of such Underpayment. If the Company receives a notice of an Overpayment or an Underpayment pursuant to this Section 3.3.4(c), the Company immediately shall (i) notify any other Party that may be affected thereby and (ii) review the books and records of the Company relating to the payment(s) in question to ascertain whether an Underpayment and/or Overpayment occurred. Any disputes regarding the existence of an Overpayment or Underpayment and corrective actions to be taken shall be resolved in accordance with Article VI. If an Overpaid Party seeks

to terminate this Agreement for any reason, then such Overpaid Party, shall, as a condition precedent to its termination of this Agreement, pay to the Company, as agent for and for remittance to each Underpaid Party the amount of any Overpayment such Overpaid Party has received.

3.3.5The Company shall pay any fees of the Lockbox Bank and shall cooperate with each Transmission Owner in effecting such Transmission Owner's rights under this Section 3.3.5. The Company shall also take such further actions, as such Transmission Owner deems reasonably appropriate or advisable to effectuate the purposes of this Section 3.3.5, to enable any Party to exercise and enforce its rights and remedies under this Section 3.3.5, and to perfect, preserve or protect the interest of such Party in the Lockbox Account contemplated by this Section 3.3.5.

3.4 Additional Obligations.

3.4.1 Indemnification by the Company.

(a) The Company shall indemnify each Transmission Owner from all Losses suffered or incurred by such Transmission Owner and arising out of or caused by any failure of the Company to meet its obligation to use Good Business Practices in connection with the performance of the Company's duties and obligations under this Agreement (any such failure being hereinafter referred to as a "Good Business Practice Breach"); provided, however, that, except as hereinafter provided, the Company shall not be liable for Losses from any claim or series of related claims involving any Good Business Practice Breach (i) unless such Losses exceed $150,000 in the aggregate, and then only to the extent that such Losses exceed $150,000 or (ii) if and to the extent that such Losses arising from any claim or series of related claims occurring in any calendar year plus all Company Payments with respect to all other claims occurring in such calendar year are greater than the Liability Cap Amount for such calendar year. Notwithstanding the foregoing, none of the limitations on liability contained in this Section 3.4.1(a) shall apply in respect of any Losses arising out of Gross Negligence or Willful Misconduct (and the Company shall be fully liable for any breach of any provision of this Agreement arising out of or caused by Gross Negligence or Willful Misconduct or breaches by the Company of its obligations under Sections 10.7 and 10.14). To the extent that a claim asserted against the Company relates to Losses suffered by more than one Transmission Owner, then the Transmission Owner that asserted such claim and such other Transmission Owners shall share the indemnification payments made by the Company in respect thereof in proportion to the Losses suffered by each.

(b) The term "Company Payments" means, with respect to any calendar year, the sum of the following determined as of the time in question:

(i) the aggregate amount of all indemnification payments actually made by the Company under Section 3.4.1(a) with respect to claims occurring in such calendar year with respect to Good Business Practice Breaches (excluding payments made out of insurance proceeds); plus

(ii) the aggregate amount of all Losses actually paid or due and payable by the Company (excluding payments made out of insurance proceeds and excluding the application of any indemnification payments from the Transmission Owners pursuant to Section 4.2.4(c)) with respect to Third Party Claims (other than claims by the Transmission Owners pursuant to Section 3.4.1(a) of this Agreement) occurring in such calendar year to the extent such claims involve Good Business Practice Breaches; plus

(iii)the aggregate amount of all "Managing Member Payments" referred to in Section 11.8(f)(i) of the LLC Agreement that are paid by the Managing Member in respect of claims occurring in such year;

provided, however, that no amount paid by the Company as a result of Gross Negligence or Willful Misconduct shall constitute a Company Payment. For purposes of determining the amount of the Company Payments in respect of any calendar year, a claim shall be deemed to have occurred in such calendar year if the facts, circumstances or events which first gave rise to a Loss occurred during such calendar year, regardless of when the claim was asserted or when any particular element of Loss was incurred.

(c) For the avoidance of doubt, the Company shall have no indemnification obligation under Section 3.4.1(a) with respect to Losses arising out of any claim occurring in any calendar year and which arises out of a Good Business Practice Breach to the extent the amount of such Losses in respect of such claim plus all Company Payments with respect to all other claims in such calendar year are greater than the Liability Cap Amount for such calendar year.

(d) Any Transmission Owner asserting a claim for damages against the Company shall, promptly after the initiation of such claim, give notice thereof to the other Transmission Owners and the Members, which notice must include a reasonably detailed description of the

basis for such claim. The Company and the Transmission Owners agree that if any Member asserts a claim against the Managing Member arising out of the same facts and circumstances that give rise to the claim by the Transmission Owner or Transmission owners asserting a claim against the Company pursuant to Section 3.4.1(a), such claim may, at the written request of such Member received by the Managing Member within thirty (30) days of the date on which such Member received notice of the initiation of such claim, be consolidated with, and determined in the same proceeding as the claim for indemnity asserted against the Company pursuant to Section 3.4.1(a).

3.4.2Inspection and Auditing Procedures. The Company hereby grants to each Transmission Owner and its outside auditors and consultants such access to the Company's books and records as is necessary to verify and audit compliance by the Company with the requirements of this Agreement. Such access shall be at reasonable times and under reasonable conditions. The Transmission Owners shall use reasonable efforts to conduct any such audits in concert but shall not be prohibited from exercising their rights under this Section 3.4.2 individually. The Company shall also comply with the accounting and reporting requirements of Governmental Authorities having jurisdiction over the Company with respect to the business aspects of its business operations.

3.4.3Agreements with Additional Transmission Owners. The Company may, from time to time, in its discretion, enter into an amendment to this Agreement for the purpose of adding as a Party hereto any Person, including a Person that is an Affiliate of the Company, that has Transmission Facilities that it proposes to subject to this Agreement upon a determination by the Company, in its reasonable discretion, that subjecting such Transmission Facilities to this Agreement (x) will not result in any significant detriment to existing Transmission Owners in their capacity as such and (y) is likely to result in long term net benefits to the Company; provided, however, that either (i) the terms of such amendment must not be materially more favorable to the counterparty thereto than the terms applicable to the other Transmission Owners contained herein or (ii) the Company must offer to make any such more favorable terms available to all Transmission Owners on a non-discriminatory basis; provided, further, that, so long as it does not significantly adversely affect any other Transmission Owner, such an amendment to this Agreement that is with an owner of Transmission Facilities that is a Non-Market Participant may be made on terms that are different than those set forth herein. The Company may not exercise Functional Control over any Transmission Facilities (other than those it owns) except pursuant to this Agreement.

3.4.4Insurance. At all times during the effectiveness of this Agreement, the Company shall maintain insurance of the types and in the amounts agreed to by the Company and the Transmission Owners. If a Transmission Owner requests the Company to obtain insurance in addition to the types or amount of coverage agreed to, the Company shall obtain such insurance, provided that such Transmission Owner shall pay all of the costs thereof. The insurers or reinsurers and the Company, to the extent that it has a right of subrogation, shall waive all rights of subrogation against the Transmission Owners.

3.4.5Coordination with State Securitization Obligations. The Parties acknowledge that a portion of the revenues payable under the MISO OATT in respect of Transmission Service provided over a particular Transmission Owner's Transferred Facilities may be securitized, pledged, or otherwise subject to superior rights of third parties ("securitized"). The Company shall cooperate with such Transmission Owner with respect to such securitization obligations.

3.5 Information. Subject to the confidentiality provisions set forth in
Section 10.14, the Company shall provide such information to Transmission Owners as is necessary or appropriate for the Transmission Owners to perform their obligations under this Agreement.

ARTICLE IV
RIGHTS, POWERS, AND OBLIGATIONS OF THE TRANSMISSION OWNERS

4.1 Operation and Planning.

4.1.1 Standards.

(a) Each Transmission Owner shall physically operate its Transferred Facilities in accordance with this Agreement and the MISO OATT and shall comply with the procedures, manuals, and directions of the Company issued in compliance with this Agreement and the MISO ITC Agreement. The Transmission Owners shall provide the services to be performed individually by Transmission Owners as set forth on Schedule 5A attached hereto as Appendix D. No Transmission Owner shall take any action that intentionally interferes with the performance of any function by the Company other than to the extent necessary to avoid an Emergency or during an Emergency. This Section 4.1.1 (a) shall apply to the Company if the Company owns facilities that comprise part of the Transmission System.

(b) Each Transmission Owner shall operate its Transferred Facilities in accordance with Good Utility Practice, and shall adhere to all applicable reliability guidelines, policies, standards, rules,

regulations, orders, licensing requirements and requirements of NERC or the regional reliability council of NERC in which a facility owned by it is located. If a Transmission Owner believes that a direction given by the Company is in contravention of the requirements of NERC or a regional reliability council of NERC, it shall immediately advise the Company. If a Transmission Owner and the Company disagree as to whether such direction is in contravention of the requirements of NERC or a regional reliability council of NERC, the Company shall submit such dispute to the Midwest ISO for resolution. No Transmission Owner shall engage in behavior which manipulates available transfer capability to the detriment of Transmission Users. The Transmission Owners shall perform all duties and functions specified for the Transmission Owners in this Agreement. This Section 4.1.1(b) shall apply to the Company if the Company or any of its Affiliates becomes an owner of facilities that comprise part of the Transmission System.

4.1.2 Transmission Maintenance.

(a) Unless otherwise mutually and expressly agreed to by the Company and a Transmission Owner, each Transmission Owner (including the Company if it owns Transmission Facilities that comprise part of the Transmission System) shall repair, maintain, and replace its Transferred Facilities consistent with Good Utility Practice; provided, however, that no Transmission Owner shall exercise Functional Control over the Transferred Facilities. Except as may be required to exercise Functional Control, the Company shall have no obligation or any right to repair, maintain, or replace a Transmission Owner's Transferred Facilities or Non-transferred Facilities.

(b) The Transmission Owner shall obtain the Company's approval for all planned maintenance of such Transmission Owner's Transferred Facilities. Each Transmission Owner shall submit its planned maintenance schedules to the Company. All proposed planned maintenance schedules shall be evaluated by the Company on a non-discriminatory basis. The Company will coordinate with both the operations and planning personnel of the Transmission Owners for analysis and planning purposes when a transmission maintenance request is received. If requested by the Company, a Transmission Owner will provide to the Company an estimate of the costs associated with potential changes to an approved maintenance schedule or any part thereof.

(c) After receiving a planned maintenance request for non-critical Transmission Facilities (as such term is used in the MISO ITC Agreement), the Company shall, in a timely manner, either

approve the request or deny the request and provide an alternative time frame in which the maintenance can be performed; provided that any such approval shall not be final and shall be subject to further modification after receipt by the Company of the Midwest ISO's approval of the schedule for critical Transmission Facilities (as such term is used in the MISO ITC Agreement). The Company shall determine in a nondiscriminatory manner and with the use of appropriate analytical detail whether, and, if so, the extent to which, a planned transmission maintenance request for non-critical Transmission Facilities affects available transfer capability, Ancillary Services, the security of the Transmission System, and any other relevant matters. The Company shall submit the maintenance schedule for critical Transmission Facilities to the Midwest ISO for approval in accordance with the MISO ITC Agreement. The Company shall promptly notify the Transmission Owner of the Midwest ISO's approval, disapproval or modification and shall modify the schedule for maintenance on non-critical Transmission Facilities if appropriate. The Company shall communicate the final planned maintenance schedule for non-critical and critical Transmission Facilities to the appropriate Transmission Owner in a timely manner.

(d) If the Company revokes a planned transmission maintenance outage schedule for non-critical Transmission Facilities of a Transmission Owner after it has become final, the Company shall notify such Transmission Owner of the decision to revoke approval of the maintenance schedule as soon as possible after the circumstances arise that create the need for the revocation. If such Transmission Owner incurs any additional costs associated with the deferred transmission maintenance, the Company shall compensate on a Pass-Through Basis such Transmission Owner for all such verifiable costs collected by the Midwest ISO in rates or other charges. Revocation of previously approved maintenance schedules and compensation for related costs shall be applied in a non-discriminatory basis.

(e) The Company shall document all planned transmission maintenance requests, the disposition of those requests and all data supporting the disposition of each request.

(f) A Transmission Owner shall notify the Company when such Transmission Owner is performing maintenance on a facility that could reasonably be expected to result in unplanned outages within the Transmission System. The Company shall coordinate with the Transmission Owners to implement unplanned transmission maintenance as the need may arise. In an Emergency, the applicable Transmission Owner shall immediately notify the

Company of any necessary Emergency transmission maintenance and the Transmission Owner shall document all events of unplanned transmission maintenance and all data related to the Emergency necessitating such maintenance. Prior approval by the Company for such Emergency transmission maintenance will not be required.

4.1.3 Construction of New Facilities.

(a) The Transmission Owners acknowledge and agree that the Company may require a Transmission Owner to construct planned Transmission Facilities, whether the construction is required pursuant to a direction by the Midwest ISO to the Company or at the initiative of the Company to the extent permitted by the MISO ITC Agreement. Each Transmission Owner and the Company if it is an owner of facilities which comprise part of the Transmission System shall construct at its sole cost and expense new Transmission Facilities reviewed, approved, and ordered to be built by the Company in accordance with planning processes and protocols established by the Company and the Midwest ISO pursuant to the MISO ITC Agreement and the planning procedures adopted by the Company. The Company will develop non-discriminatory criteria consistent with this Section 4.1.3 to determine which Party (including the Company if it is an owner of facilities comprising part of the Transmission System) will be obligated to construct the new facilities. If the new Transmission Facilities will be directly connected to the existing facilities of one Transmission Owner or the Company if it is an owner of facilities comprising part of the Transmission System, that Transmission Owner or the Company will be obligated to construct the new facilities if required by the Company. If two or more Transmission Owners or the Company as an owner of facilities comprising the Transmission System will be interconnected directly to the new facilities, the Company will assign construction responsibilities in accordance with the non-discriminatory criteria stated in the planning procedures adopted by the Company. Prior to the acceptance by the Commission of coordinated planning processes and protocols developed by the Midwest ISO and the Company, the planning and construction of new facilities shall be governed by the planning processes and protocols of the Midwest ISO and the planning procedures adopted by the Company, to the extent such procedures are not inconsistent with the planning processes and protocols of the Midwest ISO.

(b) The non-discriminatory criteria shall include cost allocation methods for achieving equity among affected Transmission Owners and the Company in circumstances where a

disproportionate, but otherwise unavoidable, burden is placed on one or more Transmission Owners or the Company for the construction of new Transmission Facilities. Any Transmission Owner may propose its own cost allocation methodology to the Commission for the purpose of achieving equity in particular instances.

(c) If a Transmission Owner that is obligated to construct new Transmission Facilities requests that the Company construct such facilities, the Company shall have the right but not the obligation to do so. If the Company declines to construct such facilities, the Transmission Owner initially obligated to construct the facilities shall remain obligated to do so.

(d) A Transmission Owner, or the Company as an owner of facilities comprising part of the Transmission System, may satisfy its construction responsibilities by arranging that another party will construct, finance, and/or own the new Transmission Facilities. If the third party fails to perform within the period of time specified by the Company for construction of such new facilities, the Transmission Owner or the Company, in the case of facilities for which the Company has accepted the obligation to construct, shall remain obligated to undertake the construction. The Company shall determine in a non-discriminatory manner whether such third party can meet all necessary criteria for financing and/or owning Transmission Facilities interconnected to the Transmission System. A determination by the Company that such third party fails to meet all necessary criteria shall not relieve the Transmission Owner of the obligation to construct the facilities. Any such third party owning Transmission Facilities shall be required to become a Party to this Agreement pursuant to Section 3.4.3.

(e) The cost of new Transmission Facilities constructed by Transmission Owners pursuant to this Section 4.1.3 shall be recovered in accordance with the MISO OATT and the revenues associated with such cost recovery received by the Company, shall be distributed in accordance with this Agreement.

4.1.4Acquisition. If a Transmission Owner acquires Transmission Facilities that are not part of the Transmission System, such facilities shall become subject to this Agreement provided that
(i) such Transmission Facilities are physically interconnected with any of the Transmission Facilities owned or Functionally Controlled by the Company or, if such Transmission Facilities are not physically interconnected with any of the Transmission Facilities owned or Functionally Controlled by the Company, the Company determines, in its reasonable discretion, that

subjecting such Transmission Facilities to this Agreement will result in net benefits to the Company, (ii) such Transmission Owner consents and (iii) such action does not violate Applicable Laws and Regulations. If Transmission Facilities are added to the Transmission System as set forth above, the Company and the Transmission Owner transferring the facilities shall amend such Transmission Owner's subappendix to Appendix A to include such Transmission Facilities.

4.1.5Performance of Regulatory Obligations. Each Transmission Owner and the Company if it owns facilities that comprise part of the Transmission System shall comply, and shall provide such information to the Company as it requires to comply, and shall otherwise assist the Company in complying, with transmission, reporting, operating, filing, and planning obligations of the Company that are imposed by Applicable Laws and Regulations.

4.2 Additional Obligations.

4.2.1Information. Subject to the confidentiality provisions set forth in Section 10.14, each Transmission Owner shall provide such information concerning its Transferred Facilities to the Company as is necessary or appropriate for the Company to perform its obligations under this Agreement, the MISO OATT and the MISO ITC Agreement.

4.2.2 Facilities Access.

(a) Each Transmission Owner shall upon reasonable notice allow the Company access to its Transferred Facilities as is necessary (i) to verify and audit compliance by such Transmission Owner with this Agreement or (ii) for the Company to perform its obligations under this Agreement and the MISO ITC Agreement. Such access shall be at reasonable times and under reasonable conditions. Representatives of the Company shall comply with a Transmission Owner's safety regulations when accessing such Transmission Owner's Transferred Facilities.

(b) Each Transmission Owner's rights in its Transferred Facilities shall be subject to the Company's Functional Control of the Transmission System in accordance with the terms of this Agreement and the MISO ITC Agreement. Nothing in this Agreement shall be deemed to restrict or to prohibit access to Transferred Facilities by the Transmission' Owner that owns such Transferred Facilities, or those acting under its authority.

4.2.3Inspection and Auditing Procedures. Each Transmission Owner shall grant the Company and its outside auditors and consultants such access to such Transmission Owner's books and records as is necessary (i) to verify

and audit compliance by such Transmission Owner with this Agreement or (ii) for the Company to perform its obligations under this Agreement and the MISO ITC Agreement. Such access shall be at reasonable times and under reasonable conditions. Each Transmission Owner shall also comply with the accounting and reporting requirements of any Governmental Authorities having jurisdiction over the Transmission Owner with respect to aspects of the Company's business operations. Contacts between officers, employees, and agents of the Company and those of a Transmission Owner, pursuant to this Section 4.2.3 shall be strictly limited to the purpose of this Section 4.2.3.

4.2.4 Indemnification by Transmission Owners.

(a) Each Transmission Owner ("Indemnifying Owner") shall indemnify and hold harmless each other Transmission Owner ("Indemnified Owners") from any Losses arising from the Indemnifying Owner's performance, neglect or breach of its obligations under this Agreement (whether arising from a finding of negligence, strict liability or other fault or responsibility), except in cases where, and only to the extent that, the negligence or willful misconduct of any other Indemnified Owner contributed to the Loss. In the event two or more Transmission Owners have an indemnification obligation under this Section 4.2.4(a) with respect to the same matter, such indemnification obligation shall be borne by such indemnifying Transmission Owners in proportion to each such indemnifying Transmission Owner's comparative fault. If the Company acquires ownership of facilities that comprise part of the Transmission System, the Company shall be treated as if it were a Transmission Owner for purposes of this Section 4.2.4(a). Notwithstanding any other provision of this Agreement, no Transmission Owner shall be liable to any other Transmission Owner for any actions taken in accordance with the instructions or direction of the Company or the Midwest ISO except in cases of the negligence or intentional wrong-doing of the first Transmission Owner.

(b) Except with respect to its Transferred Facilities or as otherwise provided in the MISO OATT or this Agreement, no Transmission Owner shall be liable for any costs or expenses relating to the operation, repair, maintenance, or improvement of any of the Transmission Facilities constituting part of the Transmission System that are owned, operated, or controlled by any other Transmission Owner or the Company.

(c) Each Transmission Owner shall severally and not jointly, on a pro rata basis as described below, indemnify and hold harmless the Company from any Losses (determined after application of the

proceeds of any applicable insurance policies) suffered or incurred by the Company (but excluding any lost profits and similar damages suffered or incurred by the Company) resulting from any claim by a third party by reason of the Company's acts, omissions or alleged acts or omissions arising under this Agreement, the MISO ITC Agreement or the MISO OATT or by reason of any of the Midwest ISO's acts, omissions or alleged acts or omissions ("Third Party Claims"); provided, however, that such indemnity does not cover (i) Losses arising out of any action or inaction (A) of the Company taken in bad faith, (B) of the Company that constitutes Gross Negligence or Willful Misconduct or (C) of the Company in its capacity as an owner of facilities that comprise part of the Transmission System, (ii) Losses arising out of Third Party Claims occurring in any calendar year which involve any Good Business Practice Breach, to the extent the Losses paid or due and payable by the Company in respect of such Third Party Claim plus all Company Payments with respect to all other claims occurring in such calendar year are less than the Liability Cap Amount for such calendar year or (iii) Losses from any claim or series of related claims unless such Losses exceed $150,000 and then only to the extent that such Losses exceed $150,000. The pro rata liability of each Transmission Owner under this Section 4.2.4(c) shall be equal to a percentage of the aggregate amount of the Losses equal to the percentage that such Transmission Owner's Net Plant bears to the aggregate Net Plant as of the time in which the claim giving rise to the Losses in question occurred. The obligations of each Transmission Owner set forth in this Section 4.2.4(c) shall terminate automatically for all purposes with respect to all Losses from claims arising after the Initial Member ceases to be the Managing Member for any reason. Notwithstanding anything to the contrary in this Agreement, the Transmission Owners' indemnification obligations under this Section 4.2.4(c) shall terminate automatically for all purposes in the event one or more Transmission Owners and/or former Transmission Owners pay, in the aggregate, an amount equal to $25,000,000 in any year pursuant to this Section 4.2.4(c) (the "Indemnity Cap"), regardless of when the claims which gave rise to the indemnification obligations occurred and regardless of whether the claims involve a Good Business Practice Breach ("Payment Event"); provided, however, if prior to the occurrence of the Payment Event, if the Company owns Transmission Facilities having a Fair Market Value equal to or greater than $250,000,000 in the aggregate at the time of the acquisition, the indemnification obligations of the Transmission Owners under this Section 4.2.4(c) shall not terminate upon the occurrence of a Payment Event, but nothing in this proviso is a limitation on the automatic termination of the

Transmission Owners' indemnification obligations as provided above in the event the Initial Member ceases to be the Managing Member for any reason.

(d) For avoidance of doubt, no indemnification obligation is owed by the Transmission Owners under Section 4.2.4(c) with respect to Losses arising out of any claim occurring in any calendar year and which arises out of a Good Business Practice Breach to the extent that the amount of such Losses plus all Company Payments with respect to all other claims occurring in such calendar year are less than the Liability Cap Amount for such year.

4.2.5 Administration of Third Party Claims.

(a) Promptly after receiving notice that a third party has commenced a claim that would be subject to the indemnification provisions of either Section 3.4.1 or 4.2.4, each Party entitled to indemnification (individually and collectively, "Indemnified Party") under such Sections shall in turn give written notice of that claim to each Party obligated to provide the indemnification under such Section (individually and collectively, "Indemnifying Party"). The written notice shall include reasonable detail in light of the circumstances then known to the Indemnified Party. Failure to give such notice, or any notice, will not relieve the Indemnifying Party from its obligations under such Sections except where, and then solely to the extent that, such failure actually and materially prejudices the rights of the Indemnifying Party.

(b) After receiving the written notice described in Section 4.2.5(a), the Indemnifying Party will have the right but not the duty to defend such claim; provided, however, that the Indemnifying Party shall acknowledge in writing its indemnification obligations hereunder with respect to such claim. If, with respect to a claim, the Indemnified Party will retain liability for a material amount in connection with such claim, the Indemnifying Party shall not have the right to assume the defense of such claim hereunder. This right to defend will include the right to pursue any strategy in defending such claim, file any and all pleadings, pursue discovery in any manner, make whatever arguments the Indemnifying Party deems appropriate, and to select counsel of its choice to defend the claim, provided that (i) the Indemnified Party gives its written consent to counsel selected by the Indemnifying Party (which consent shall not be unreasonably withheld) and (ii) the Indemnifying Party conducts the defense of such claim actively and diligently. Attorneys' fees incurred by counsel selected by the Indemnifying Party in defending the claim, as well as other costs and expenses associated with defending the claim, will be paid by the

Indemnifying Party. If the Indemnifying Party consists of one or more of the Transmission Owners, the decision to defend a claim and the administration of such claim as provided in this Section 4.2.5(a) shall be made by Transmission Owners whose collective Net Plant exceeds 50% of the aggregate Net Plant of all Transmission Owners comprising the Indemnifying Party (the "Majority of Indemnifying Transmission Owners"). Each Transmission Owner agrees that the Majority of Indemnifying Transmission Owners shall have no liability to any other Transmission Owner in connection with the administration of claims under this
Section 4.2.5 except to the extent the Majority of Indemnifying Transmission Owners exercise their authority hereunder in bad faith or in a grossly negligent manner.

(c) If the Indemnifying Party assumes the defense of such claim, the Indemnified Party agrees to reasonably cooperate in such defense as long as the Indemnified Party is not materially prejudiced thereby. As long as the Indemnifying Party is conducting the defense of such claim actively and diligently, the Indemnified Party may retain separate co-counsel at its own cost and expense and may participate in the defense of such claim, though ultimate control of the claim's defense shall remain with the Indemnifying Party.

(d) In the event the Indemnifying Party does not assume the defense of such claim, or ceases to conduct the defense of such claim actively and diligently, or has a conflict of interest with the Indemnified Party, (i) the Indemnified Party may defend against, and, with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld), consent to the entry of any judgment or enter into any settlement with respect to, such claim, (ii) the Indemnifying Party will reimburse the Indemnified Party promptly and periodically for the costs of defending against such claim, including reasonable attorneys' fees and expenses, and (iii) the Indemnifying Party will remain responsible for any Losses the Indemnified Party may suffer as a result of such claim to the full extent provided in Sections 3.4.1 and 4.2.4.

(e) If after the making of any indemnification payment the amount of Losses to which such payment relates is reduced by recovery, settlement or otherwise under any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Person, the amount of such reduction (less any costs, expenses, premiums or Taxes incurred in connection therewith) will promptly be repaid by the Indemnified Party to the Indemnifying Party. Upon making any indemnification

payment, the Indemnifying Party will, to the extent of such indemnification payment, be subrogated to all rights of the Indemnified Party against any third party in respect of the Losses to which the indemnification payment relates; provided that (i) the Indemnifying Party is then in compliance with its obligations under this Agreement in respect of such Losses, and (ii) until the Indemnified Party recovers full payment of such Losses, all claims of the Indemnifying Party against any such third party on account of said indemnification payment will be subrogated and subordinated in right of payment to the Indemnified Party's rights against such third party. Without limiting the generality or effect of any other provision of this Section 4.2.5(e), each such Indemnified Party and Indemnifying Party will duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights.

4.3 Payments to the Company

4.3.1Management Fee. Each Transmission Owner shall severally and not jointly, pay the Company its pro rata share of the annual Management Fee. Each Transmission Owner's pro rata share of the Management Fee in each year shall be equal to the percentage of the Management Fee equal to the percentage that such Transmission Owner's Net Plant bears to the aggregate Net Plant of all Transmission Facilities subject to the Functional Control of the Company pursuant to this Agreement in such year. The amount of the Initial Management Fee, as adjusted pursuant to Section 6.3(b) of the LLC Agreement, may be increased upon and in connection with the addition of a Transmission Owner as a Party to this Agreement pursuant to Section 3.4.3 of this Agreement by an amount agreed upon between the Company and such additional Transmission Owner; provided, however, that (a) no such increase in the Initial Management Fee shall result in an increase in the aggregate amount of the Initial Management Fee payable by the Original GridAmerica Companies and (b) after giving effect to such increase in the Initial Management Fee, the several obligation of each Transmission Owner to pay its pro rata share of the Initial Management Fee under this Section 4.3 shall not exceed a percentage of the increased Initial Management Fee equal to the percentage that such Transmission Owner's Net Plant bears to the aggregate Net Plant of all Transmission Facilities subject to the Functional Control of the Company pursuant to this Agreement in such year, adjusted to include the Net Plant of the additional Transmission Owner, as of the effective date of such increase in the Initial Management Fee.

4.3.2Incentive Compensation. In addition to the Management Fee payable to the Company, each Transmission Owner shall pay to the Company incentive compensation pursuant to such incentive compensation arrangements as are agreed from time to time between the Company and such other Transmission Owners as shall agree thereto. The Company

shall, from time to time but no less frequently than within thirty (30) days after the Transmission Service Date and each anniversary thereof, propose to the Transmission Owners incentive compensation arrangements designed to encourage the efficient and enhanced operation of the Transferred Facilities without regard to any benefit or detriment to other businesses and activities of the Transmission Owners, including their electric generation businesses and activities, which may result from implementation of such proposals. Any incentive arrangements between the Company and the Transmission Owners shall provide that (a) not less than 25 percent of net incentive revenues which are earned through the implementation of Company's proposals, or otherwise as a result of the Company's exercise of Functional Control over the Transferred Facilities, shall be payable to the Company as incentive compensation; and (b) each Transmission Owner shall receive a percentage of the balance of such net incentive revenues equal to the percentage that such Transmission Owner's Net Plant bears to the aggregate Net Plant of all Transmission Facilities subject to the Functional Control of the Company pursuant to this Agreement in such year .

4.4 Transmission Owners' Remedies.

4.4.1Accounting Failures. If an Accounting Failure occurs, at the written request of a majority of the Transmission Owners (each Transmission Owner having one vote), the Company shall retain and pay for the services of an accounting firm of national reputation, which accounting firm shall conduct an examination and analysis of the accounting procedures of the Company and shall be required to issue a written report regarding such examination and analysis, including a description of any material weaknesses in the Company's accounting procedures discovered by such accounting firm, and recommendations to correct such weaknesses. The Company shall provide to the Transmission Owners copies of all draft and final reports prepared by such accounting firm and within thirty (30) days after issuance of a report, the Company shall provide a response thereto delivered to the Transmission Owner which states the extent to which the Company accepts the report's findings and the basis for any objections.

4.4.2Operational Failures. If an Operational Failure occurs, at the written request of a majority of the Transmission Owners (each Transmission Owner having one vote), the Company shall retain and pay for the services of a consulting firm of national reputation with experience in electric energy operations and management and which is a Non-Market Participant. Such consulting firm shall conduct an examination and assessment of the Company's operating procedures, management, staffing and such other matters as such consulting firm deems appropriate under the circumstances considering the nature of the Operational Failure and shall be required to issue a written report regarding such examination and assessment. The Company shall provide to the Transmission Owners

copies of all draft and final reports prepared by such consulting firm and within thirty (30) days after issuance of a report, the Company shall provide a response thereto delivered to the Transmission Owners which states the extent to which the Company accepts the report's findings and the basis for any objections.

4.4.3Removal of Managing Member for Cause. If a Super Majority of Transmission Owners shall have delivered written notice that they have elected to remove the Managing Member for Cause, the Company shall cause the Managing Member to be removed in accordance with the provisions of the LLC Agreement; provided, however, that (x) if the Managing Member contests its removal pursuant to the terms of the LLC Agreement, the Company shall acknowledge and shall cause the Managing Member to acknowledge the rights of the Transmission Owners to participate in any proceeding to resolve the dispute over the removal pursuant to Section 10.3 of the LLC Agreement or Section 6.3 and (y) no removal of the Managing Member shall be effective unless and until approved by the Commission.

4.4.4Replacement of Managing Member. If a Managing Member is removed as a result of an Early Termination Event under the LLC Agreement, including a removal for Cause, the Company shall cause the successor Managing Member to be selected by vote of a Super Majority of Transmission Owners.

ARTICLE V
TERM AND TERMINATION

5.1 Term. This Agreement shall become effective as to the Company and each Transmission Owner on the Effective Date or the date set forth in the amendment hereto entered into between the Company and a Transmission Owner pursuant to Section 3.4.3. For each Transmission Owner and the Company, this Agreement shall continue in effect until the end of the Initial Term. Notwithstanding the scheduled termination hereof at the end of the Initial Term, this Agreement automatically shall be extended as to a Transmission Owner for an additional term of two (2) years at the end of the Initial Term, unless written notice of termination hereof is given by such Transmission Owner to each other Party at least six months prior to the last day of the Initial Term; provided, however, that, if at the time such notice of termination is given by such Transmission Owner, applicable provisions in the Midwest ISO Transmission Owners Agreement governing the right of a "Transmission Owner" thereunder to withdraw from the Midwest ISO specify a longer minimum time for notice of withdrawal, then, unless the Commission shall otherwise approve, upon the effectiveness of the termination of this Agreement as to any Transmission Owner, such Transmission Owner shall automatically be and become a member of Midwest ISO for a term of not less than the

minimum notice period for withdrawal specified in the Midwest ISO Transmission Owners Agreement (measured from the date of the notice of termination delivered hereunder) less six months. Following any such additional term, the term hereof automatically shall be extended as to a Transmission Owner for successive additional terms of two (2) years each (any additional term, whether following the Initial Term or an additional term, being an "Additional Term") unless written notice of termination hereof is given by such Transmission Owner to each other Party at least six months prior to the last day of the then existing Additional Term; provided, however, that, if at the time such notice of termination is given by such Transmission Owner, applicable provisions in the Midwest ISO Transmission Owners Agreement governing the right of a "Transmission Owner" thereunder to withdraw from the Midwest ISO specify a longer minimum time for notice of withdrawal from the Midwest ISO, then, unless the Commission shall otherwise approve, upon the effectiveness of the termination of this Agreement as to any Transmission Owner, such Transmission Owner shall automatically be and become a member of Midwest ISO for a term of not less than the minimum notice period for withdrawal specified in the Midwest ISO Transmission Owners Agreement (measured from the date of the notice of termination delivered hereunder) less six months.

Each Transmission Owner may withdraw from the GridAmerica ITC and this Agreement shall terminate with respect to such Party under the following circumstances:
(a) if a Transmission Owner delivers notice of its intent to contribute its Transferred Facilities to the Company pursuant to Section 5.1(a) of the Master Agreement prior to the date thirty (30) months after the Effective Date, then each Transmission Owner may withdraw from the GridAmerica ITC and terminate its participation under this Agreement by providing all of the other Parties written notice of such withdrawal within thirty (30) days of receipt of the notice of such contribution; or (b) if no Transmission Owner has delivered notice of its intent to contribute its Transferred Facilities to the Company pursuant to
Section 5.1(a) of the Master Agreement prior to the expiration of the twenty-ninth (29th) month following the Effective Date, then each Transmission Owner may withdraw from the GridAmerica ITC and terminate its participation under this Agreement by providing all of the other Parties written notice of such withdrawal within the thirtieth (30th) month following the Effective Date. Any withdrawal from the GridAmerica ITC and termination of participation under this Agreement shall be effective on the first day of the seventh month following the month in which notice thereof is delivered in accordance with
Section 10.9; provided, however, that, notwithstanding the foregoing, unless the Commission shall otherwise approve, no withdrawal by any Transmission Owner from the GridAmerica ITC pursuant to Section 5.1(a) or Section 5.1(b) shall be or become effective unless and until such Transmission

Owner becomes a member of the Midwest ISO. Upon receipt of any notice of withdrawal from the GridAmerica ITC and termination of participation under this Agreement pursuant to Section 5.1(a) or Section 5.1(b), each other Transmission Owners shall have the right, exercisable within thirty (30) days of receipt of such notice, to withdraw from the GridAmerica ITC and terminate its participation under this Agreement; provided, however, that, notwithstanding the foregoing, unless the Commission shall otherwise approve, no withdrawal by any Transmission Owner from the GridAmerica ITC pursuant to this sentence of this
Section 5.1 shall be or become effective unless and until such Transmission Owner becomes a member of the Midwest ISO. Without the prior written consent of NGUSA pursuant to Section 5.7 of the Master Agreement, no part of the Transferred Facilities of any Transmission Owner that withdraws from the GridAmerica ITC and terminates its participation under this Agreement shall be included in or managed by an ITC that exercises functions similar in scope to the function exercised by the Company with respect to the Transferred Facilities (determined after taking into account the functions exercised by the Midwest ISO under the MISO ITC Agreement) for a period of one (1) year after the effective date of such Transmission Owner's withdrawal, provided, however, that the foregoing prohibition shall not apply if the Initial Member exercised its resignation rights pursuant to Section 5.7(a) or Section 5.7(b) of the Master Agreement prior to the date of any such withdrawal.

5.2 Termination.

5.2.1No Termination. No Party shall have any right to terminate or withdraw from this Agreement, nor shall any Transmission Owner have the right to withdraw any of its Transferred Facilities from GridAmerica ITC, except as provided in Section 5.1 or this
Section 5.2. The provisions of Article 10 shall survive any termination of this Agreement.

5.2.2Divestiture or Sale of Transferred Facilities. This Agreement shall terminate as to any Transmission Owner on the date such Transmission Owner contributes to the Company pursuant to Section 3.1(b) of the LLC Agreement or otherwise sells to a Person other than the Company any of such Transmission Owner's Transferred Facilities, but such termination shall only be to the extent of and extend to such Transmission Owner only in respect of such contributed or otherwise sold Transferred Facilities. Any proposed sale by a Transmission Owner of Transferred Facilities shall be conditioned on the delivery by the purchaser thereof of an assumption agreement in form and substance reasonably satisfactory to the Company pursuant to which the purchaser assumes the obligations of the selling Transmission Owner hereunder. Such Transmission Owner shall remain a party hereto to the extent such Transmission Owner continues to own Transferred Facilities. In the event that a Transmission Owner has contributed all of its Transferred Facilities to the Company or has otherwise sold all of its Transferred Facilities, this Agreement shall

terminate as to the Transmission Owner as of the effective date of the contribution or sale (as the case may be) of all of such Transmission Owner's Transferred Facilities, including in the case of a Transmission Owner that retains ownership of its Non-transferred Facilities, except with respect to any obligations of the Transmission Owner hereunder accruing prior to the effective date of the contribution or sale, including indemnification obligations pursuant to Section 4.2.4 arising from any event occurring prior to the effective date of the contribution or sale.

5.2.3ITC Status. A Transmission Owner may terminate this Agreement with respect to the Transferred Facilities at any time following (i) a determination by the Commission that the Company has ceased to be an ITC, or (ii) an order by the Commission requiring or authorizing the Company or the Transferred Facilities to become subject to the control or direction of a Regional Transmission Organization other than the Midwest ISO.

5.2.4Failure to Achieve Transmission Service Date. If the Transmission Service Date has not occurred on or before June 30 2003, then at any time after June 30, 2003, any Party may, upon thirty (30) days prior written notice to the other Parties, cause the GridAmerica ITC and this Agreement to terminate.

5.3 Effect Of Termination Pursuant to Sections 5.1 or 5.2.3. In the event that a Transmission Owner terminates this Agreement pursuant to Sections 5.1 or 5.2.3, the following provisions shall apply.

5.3.1Transmission Customers Held Harmless. Transmission Customers and Interconnection Customers taking service that involves a terminating Transmission Owner's Transferred Facilities, including Transmission Service that involves transmission service agreements and interconnection and/or operating agreements executed before such Transmission Owner provided notice of its termination shall receive service for the remaining term of the agreement at the same rates, terms, and conditions that would have been applicable if there were no termination, unless such agreements are modified by the Commission in accordance with its statutory authority or by agreement of the parties to the agreement. Such Transmission Owner shall make its facilities available to provide service to such Transmission Customers and Interconnection Customers and allow the Company to continue to exercise Functional Control over the Transferred Facilities with respect to such service and shall receive no more in revenues for that service than if there had been no termination by such Transmission Owner. This Section 5.3.1 shall survive the termination of the Agreement by a Transmission Owner.

5.3.2Existing Obligations. Obligations incurred and payments applicable to time periods prior to the effective date of such termination shall survive

the termination of this Agreement. The reconciliation and payment of all such amounts shall be done as soon as practicable following such termination. This Section 5.3.2 shall not constitute a general guarantee of the obligations of the Company by any Transmission Owner.

5.3.3Construction of Facilities. Obligations relating to the construction of new facilities pursuant to an approved plan of the Company, which imposed duties upon the terminating Transmission Owner prior to such Transmission Owner's termination, shall be renegotiated as between the Company and the terminating Transmission Owner taking into consideration commitments made to Transmission Customers and Interconnection Customers and funds advanced, if any, prior to termination of this Agreement with respect to such terminating Transmission Owner. Such obligations shall survive the termination of this Agreement with respect to such Transmission Owner.

5.3.4Other Obligations. Other obligations between the Company and the terminating Transmission Owner shall be renegotiated as between the Company and the terminating Transmission Owner, subject to approval by the Commission. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with the dispute resolution procedures provided for in this Agreement.

5.4 Effect of Termination Pursuant to Section 5.2.2. In the event that a Transmission Owner terminates this Agreement pursuant to Section 5.2.2 by divesting to the Company or otherwise selling to another Person all of its Transferred Facilities, the following provisions shall apply.

5.4.1Transmission Customers Held Harmless. In the case of a Transmission Owner that retains ownership of its Non-transferred Facilities, Transmission Customers taking service that involves transmission service over such Transmission Owner's Non-transferred Facilities pursuant to agreements executed before such Transmission Owner provided notice of its termination shall continue to receive service for the remaining term of the agreement at the same rates, terms, and conditions that would have been applicable if there were no withdrawal, unless such agreements are modified by the Commission in accordance with its statutory authority or by agreement of the parties to the agreement. Such Transmission Owner shall make its Non-transferred Facilities available to provide service to such Transmission Customers and allow the Company to continue to exercise Functional Control over the Non-transferred Facilities and shall receive no more in revenues for that service than if there had been no termination by such Transmission Owner. This Section 5.4.1 shall survive the termination of the Agreement by a Transmission Owner.

5.4.2Existing Obligations. Obligations incurred and payments applicable to time periods prior to the effective date of such termination shall survive

the termination of this Agreement. The reconciliation and payment of all such amounts shall be done as soon as practicable following such withdrawal. This Section 5.4.2 shall not constitute a general guarantee of the obligations of the Company by any Transmission Owner.

5.4.3Other Obligations. Other obligations between the Company and the terminating Transmission Owner shall be renegotiated as between the Company and the terminating Transmission Owner, subject to approval by the Commission. If such obligations cannot be resolved through negotiations, they shall be resolved in accordance with the dispute resolution procedures provided for in this Agreement.

5.5 Regulatory And Other Approvals Or Procedures. The termination by a Transmission Owner of its obligations hereunder and/or withdrawal of some or all of its Transferred Facilities from the GridAmerica ITC shall be subject to applicable federal and state regulatory approvals or other regulatory procedures, including, without limitation, any required approval of the Commission and any requirement of the Commission that such Transmission Owner join a Commission approved regional transmission organization.

ARTICLE VI
DISPUTE RESOLUTION

6.1 Negotiations. If a dispute between any two or more Parties arises out of or relates to this Agreement, any such Party may notify each other Party that it intends to initiate the dispute resolution procedures set forth herein. Immediately upon the receipt of such notice, the Party sending the notice and each other Party receiving the notice shall refer such dispute to a senior executive officer (the "SEOs") of each such Party for consultation and advice prior to the commencement of the arbitration proceedings. The SEOs shall meet in person or by teleconference as soon as mutually practicable to consider such matters. If the SEOs fail to resolve such dispute within thirty (30) days of such notice being sent, any Party to the dispute may declare the consultation procedure set forth in this Section 6.1 terminated and refer the dispute or controversy to arbitration pursuant to Section 6.2.

6.2 Arbitration. If a dispute between any two or more Parties arises out of or relates to this Agreement or to the relationship between the Parties created by this Agreement, and such Parties have not successfully resolved such dispute through negotiation on or before the thirtieth (30th) day following the notice referred to in Section 6.1, then such dispute shall be resolved according to this Section 6.2. If such dispute is subject to the jurisdiction of the Commission, then any Party to the dispute may, within sixty (60) days of the notice referred to in Section 6.2, bring such dispute before the Commission for resolution. If no Party brings the dispute before the Commission within sixty (60) days of the notice referred to in Section 6.1, or if the dispute is not subject to the jurisdiction of the Commission, then such dispute shall be resolved by binding arbitration ("Arbitration") under the following provisions. For the avoidance of doubt, this Section 6.1 does not apply to disputes arising under the MISO OATT, which shall be resolved in accordance with the procedures set forth therein, or to disputes arising under another agreement between and among the Company and one or more of the Transmission Owners or between the

Company and the Midwest ISO, which shall be resolved in accordance with the dispute resolution procedures of such other agreement.

(a) All Claims To Be Arbitrated. Except as provided in the immediately preceding sentence and in Sections 6.2(l) and 9.2.1, any and all claims, counterclaims, demands, causes of action, disputes, controversies and other matters in question arising out of or relating to this Agreement, any provision hereof, the alleged breach hereof, or in any way relating to the subject matter hereof or the relationship between the Parties created hereby, involving the Parties ("Claims"), shall be finally resolved by binding arbitration by a panel of arbitrators under the Commercial Arbitration Rules (the "Arbitration Rules") of the American Arbitration Association (the "AAA") to the extent not inconsistent with the provisions of this Agreement, regardless of whether some or all of such Claims allegedly (i) are extra-contractual in nature, (ii) sound in contract, tort, or otherwise, (iii) are provided by federal or state statute, common law or otherwise or (iv) seek damages or any other relief, whether at Law, in equity or otherwise.

(b) Referral of Claims to Arbitration. Subject to Section 6.1, one or more Parties may refer a Claim to arbitration (the "Claimant Party") by providing notice (an "Arbitration Notice") to each other Party or Parties against which the Claim is asserted (whether one or more parties, the "Respondent Party") in the manner set forth in the Arbitration Rules. The Arbitration Notice must include a general description of the Claim and shall identify all Respondent Parties and the reasons for asserting the Claim against each Respondent Party. The Arbitration is commenced between the Claimant Party and the Respondent Party ("Dispute Parties") by sending the Arbitration Notice to the Respondent Party.

(c) Stay for Commission Proceedings; Effect of Commission Orders. Following commencement of the Arbitration, if a Party other than a Dispute Party institutes a proceeding before the Commission that involves one or more of the Dispute Parties and the relief sought in that proceeding would require the Commission to resolve one or more issues presented in the Arbitration (a "Related Proceeding"), then the Dispute Parties agree that the Arbitration shall be stayed during the pendency of such Related Proceedings. The Dispute Parties further agree that the Commission's resolution in Related Proceedings of any issue that is also presented in the Arbitration shall be and is final and binding as to that issue in the Arbitration.

(d) Number and Qualification of Arbitrators. The panel of arbitrators (the "Panel") shall consist of three arbitrators appointed in accordance with this Section 6.2 and the Arbitration Rules. Arbitrators shall meet the qualifications for arbitrators established by the AAA and, in addition, shall have significant experience in the electric industry and/or significant experience as an arbitrator in complex commercial matters. The chairperson shall take an oath of neutrality.

(e) Appointment of Arbitrators. By the fifteenth (15th) day following the day on which the Arbitration Notice is sent to the Respondent Party, the Claimant Party shall submit its appointment of the first arbitrator to the Respondent Party and the AAA. If the Claimant Party consists of more than one Party, then those Parties shall jointly appoint the first arbitrator. By the fifteenth (15th) day following the appointment of the first arbitrator, the Respondent Party shall submit its appointment of the second arbitrator to the Claimant Party and the AAA. If the Respondent Party consists of more than one Party, then those Parties shall jointly appoint the second arbitrator. The two arbitrators appointed by the Dispute Parties shall appoint a third arbitrator, who shall be the chairperson of the Panel, by the fifteenth (15th) day following the appointment of the second arbitrator. If the second arbitrator has not been appointed by the fifteenth (15th) day following the appointment of the first arbitrator, or if the first two arbitrators have not appointed the third arbitrator by the fifteenth (15th) day following the appointment of the second arbitrator, any Dispute Party may request the AAA to appoint the arbitrator(s) in question. If any arbitrator resigns, becomes incapacitated, or otherwise refuses or fails to serve or to continue to serve as an arbitrator, the Dispute Party or arbitrators entitled to designate that arbitrator shall promptly designate a successor. In the event that either of the Claimant Party or the Respondent Party consist of more than one Party and those Parties are unable to agree on the appointment of an arbitrator, then all three arbitrators shall be appointed by the AAA; provided, however, that the arbitrators so appointed shall meet the qualifications set forth in Section 6.2(d).

(f) Governing Law. In deciding the substance of the Parties' Claims, the arbitrators shall first rely upon the provisions of this Agreement and shall then apply the substantive laws governing this Agreement pursuant to Section 10.2.

(g) Powers of the Arbitrators; Limitations On Remedies. The validity, construction and interpretation of this Agreement to arbitrate, and all procedural aspects of the arbitration conducted pursuant to this Agreement to arbitrate, including the

determination of the issues that are subject to arbitration (i.e., arbitrability), the scope of the arbitrable issues, allegations of "fraud in the inducement" to enter into this Agreement or this arbitration provision, allegations of waiver, laches, delay or other defenses to arbitrability, and the rules governing the conduct of the arbitration (including the time for filing an answer, the time for the filing of counterclaims, the times for amending the pleadings, the specificity of the pleadings, the extent and scope of discovery, the issuance of subpoenas, the times for the designation of experts, whether the arbitration is to be stayed pending resolution of related litigation involving third parties not bound by this arbitration agreement, the receipt of evidence and the like), shall be decided by the arbitrators to the extent not provided for in this Article VI. The arbitrators shall decide the Claims based on this Agreement, the Arbitration Rules, and the governing Law, and not ex aqueo et bono, as amiable compositeurs, or in equity. The arbitrators shall not have the power to award any of those remedies which are precluded by Section 9.2. The arbitrators shall also have the power to enter such interim orders as they deem necessary, including orders to preserve the subject matter of the Claim or to preserve or adjust the status of the Parties pending resolution of the Claim in the Arbitration. The chairperson is empowered to issue interim orders on his own authority in emergency situations and where necessary to ensure the efficient administration of the Arbitration on application from a Dispute Party, which orders shall remain in effect until a meeting of all arbitrators may be convened to consider the application. The arbitrators shall have the power to assess the attorneys' fees, costs and expenses of the Arbitration (including the arbitrators' fees and expenses) against one or more of the Parties in whatever manner or allocation the arbitrators deem appropriate.

(h) Venue; Procedural Issues. The seat of the Arbitration shall be New York, New York, or such other place as the Dispute Parties may agree. The arbitrators shall set the date, the time and the place of the hearing, which must commence on or before the one hundred twentieth (120th) day following the designation of the third arbitrator. All decisions of the three arbitrators shall be made by majority vote. In determining the extent of discovery, the number and length of depositions and all other pre-hearing matters, the arbitrators shall endeavor, to the extent possible, to streamline the proceedings and minimize the time and cost of the proceedings. There shall be no transcript of the hearing. The final hearing shall not exceed ten (10) Business Days, with the Claimant Party and Respondent Party each granted one-half of the allocated time to present its case to the arbitrators. All proceedings conducted hereunder and the decision of the arbitrators shall be kept

confidential by the arbitrators, the AAA and any Persons participating in the Arbitration, except that the confidentiality obligations of the Parties shall be governed by Section 10.14.

(i) Additional Claims. After the Arbitration has commenced and the Panel has been appointed, if a further Claim arises under this Agreement that is not successfully settled pursuant to Section 6.1, and the further Claim (an "Additional Claim") is related to the Claim in the Arbitration or involves the same Dispute Parties, then any Party to the Additional Claim may ask the Panel to accept jurisdiction over the Additional Claim and include it in the Arbitration by submitting an Arbitration Notice in the manner set forth in Section 6.2(b) (an "Additional Arbitration Request") and submitting a concurrent request to the Panel to accept the Additional Claim. The Parties agree that the Panel should accept jurisdiction over an Additional Claim if the resolution of the Claim before the Panel will involve some or all of the same legal and factual issues presented by the Additional Claim or if accepting jurisdiction over the Additional Claim would facilitate or help minimize the costs of resolving the disputes at issue and not unduly delay the Arbitration. The Parties agree, however, that the Panel alone shall determine whether it should accept jurisdiction over an Additional Claim and that its determination shall be final and unappealable. If the Panel refuses jurisdiction over the Additional Claim, then the Additional Arbitration Request shall constitute a separate request for arbitration, which shall proceed independently and under this Section 6.2 as if filed on the date the Panel denied the request to accept jurisdiction. So long as there is no pending Additional Arbitration Request to the Panel to accept jurisdiction, any Party to an Additional Claim may commence a separate arbitration proceeding in the manner set forth in this Section 6.2.

(j) Arbitration Awards. The arbitrators shall render their award on or before the thirtieth (30th) day following the last session of the hearing fully resolving all Claims that are the subject of the Arbitration. The award shall be in writing, shall give reasons for the decision(s) reached by the arbitrators and shall be signed and dated by the arbitrators, and a copy of the award shall be delivered to each of the Dispute Parties. A Party against which the award assesses a monetary obligation or enters an injunctive order shall pay that obligation or comply with that order on or before the thirtieth (30th) calendar day following the receipt of the award or by such other date as the award may provide. Any award of the arbitrators shall be consistent with the limitations and terms of this Agreement. The arbitrators' award may be confirmed in, and

judgment upon the award entered by, any court having jurisdiction over the Parties.

(k) Binding Nature. The decisions of the arbitrators shall be final and binding on the Parties and non-appealable to the maximum extent permitted by Law.

(l) Assistance of Courts. It is the intent of the Parties that the Arbitration shall be conducted expeditiously, without initial recourse to the courts and without interlocutory appeals of the arbitrators' decisions to the courts. Notwithstanding any other provision of this Agreement, however, a Party may seek court assistance in the following circumstances: (i) if a Party refuses to honor its obligations under this Agreement to arbitrate, any other Party may obtain appropriate relief compelling arbitration in any court having jurisdiction over the refusing Party, and the order compelling arbitration shall require that the arbitration proceedings take place in New York, New York, and in the manner specified herein; (ii) a Dispute Party may apply to any state or federal court having relevant jurisdiction for orders requiring witnesses to obey subpoenas issued by the arbitrators, including requests for documents; and (iii) a Party may apply at any time before or during the Arbitration to any court having relevant jurisdiction for an order preserving the status quo ante and/or evidence in anticipation of arbitration (for avoidance of doubt, preservation of the status quo ante includes an order compelling a Party to continue to fulfill an obligation under this Agreement or to refrain from taking an action that would constitute a default under this Agreement; for further avoidance of doubt, such an application to the courts is not intended to and does not constitute waiver of the right to arbitrate Claims, nor does it refer any Claim to court for decision). The Parties agree to comply with any interim order issued by the arbitrators or by the chairperson. Any and all of the arbitrators' orders and decisions, including interim orders, may be enforced by any state or federal court having jurisdiction. Each Party agrees that arbitration pursuant to this Section 6.2 shall be the exclusive method for resolving all Claims and that it will not commence an action or proceeding, except as provided in this Section 6.2.

6.3 Arbitration of Certain Claims Regarding Removal of Managing Member. If a Super Majority of Transmission Owners have attempted to remove the Managing Member for Cause pursuant to Section 4.4.3 of this Agreement, and the Managing Member disputes whether Cause for removal exists (a "Removal Claim"), then the issue of whether Cause exists immediately shall be referred to and resolved by binding arbitration ("Removal Arbitration") according to this Section 6.3. The Removal Claim shall be finally resolved by one arbitrator appointed in accordance with this Section 6.3 and the Arbitration Rules to the extent not inconsistent with the provisions of this Agreement. The Expedited Procedures of the Arbitration

Rules shall be used unless the arbitrator determines that they would be inappropriate. The arbitrator shall take an oath of neutrality.

6.3.1Application to Removal Claim; Relation to Other Claims. Any dispute other than a Removal Claim must be resolved in a separate Arbitration pursuant to Section 6.2. A Removal Arbitration may not be joined to or consolidated with an Arbitration without the consent of all parties in the Removal Arbitration and the Arbitration(s). The decision of the arbitrator on a Removal Claim shall be final and conclusive and bind any arbitrators in an Arbitration commenced under Section 6.2.

6.3.2Referral of Claims to Arbitration. A Managing Member who receives a written notice of removal as contemplated in Section 4.4.3 (a "Removal Notice"), and who disputes that Cause for removal exists, or a Member or a Transmission Owner upon receipt of notice from the Managing Member that it disputes that Cause exists (the "Removal Claimant") may refer a Removal Claim to Removal Arbitration by providing notice (a "Notice of Removal Dispute") to the Managing Member, all Members, and all Transmission Owners that are not the Removal Claimant (whether one or more parties, the "Removal Respondent Party"), in the manner set forth in the Arbitration Rules. The Notice of Removal Dispute also must contain a list of five (5) proposed arbitrators. The Removal Arbitration is commenced between the Removal Claimant and the Removal Respondent Party ("Removal Dispute Parties") by sending the Notice of Removal Dispute to the Removal Respondent Party.

6.3.3Appointment of Arbitrator. Within ten (10) days of delivery of the Notice of Removal Dispute, the Removal Respondent shall deliver to the Removal Claimant and the AAA a list of five (5) proposed arbitrators. If the lists provided by the Removal Claimant and the Removal Respondent both contain a common proposed arbitrator, such person shall be selected as arbitrator; otherwise, the AAA shall appoint one of them as arbitrator. If no persons are named on both lists, then the AAA shall appoint the arbitrator according to the procedures contained in the Arbitration Rules. If the arbitrator resigns, becomes incapacitated, or otherwise refuses or fails to serve or to continue to serve as an arbitrator, the Removal Dispute Parties shall promptly designate a successor using the procedures established in this Section 6.3. An arbitrator appointed pursuant to this Section 6.3.3 may not also be appointed as an arbitrator pursuant to Section 6.2.

6.3.4Governing Law. In deciding the substance of the Removal Claims, the arbitrator shall first rely upon the provisions of this Agreement and shall then apply the substantive laws of the State of New York, in accordance with Section 10.2 hereof.

6.3.5Powers of the Arbitrators; Limitations On Remedies. The arbitrator in a Removal Arbitration shall decide solely the Removal Claim, and shall have no power to decide any other Claim. The arbitrator shall decide the Removal Claim based on this Agreement, the Arbitration Rules, and the governing law, and not ex aqueo et bono, as amiable compositeur, or in equity. The arbitrator shall have the power to assess attorney's fees (in accordance with Section 10.19), costs, and expenses of the Removal Arbitration (including the attorneys' fees and expenses) against one or more of the Parties in whatever manner or allocation the arbitrator deems appropriate.

6.3.6Venue; Procedural Issues. The seat of the Removal Arbitration shall be New York, New York, or such other place as the Removal Dispute Parties may agree. The arbitrator shall set the date, the time and the place of the hearing, which must commence on or before the thirtieth (30th) day following the appointment of the arbitrator. There shall be no transcript of the hearing. The final hearing shall not exceed ten (10) Business Days, with the Removal Claimant and Removal Respondent Party each granted one-half of the allocated time to present its case to the arbitrator. All proceedings conducted hereunder and the decision of the arbitrator shall be kept confidential by the arbitrator, the AAA and any Persons participating in the Removal Arbitration.

6.3.7Arbitration Awards. The arbitrator shall render his award on or before the tenth (10th) day following the hearing(s) on the Removal Claim. The award shall be in writing and shall give a reasonably detailed description of the reasons for the decision(s) reached by the arbitrator and shall be signed and dated by the arbitrator, and a copy of the award shall be delivered to each of the Removal Dispute Parties. Any award of the arbitrator shall be consistent with the limitations and terms of this Agreement. The arbitrator's award may be confirmed in, and judgment upon the award entered by, any court having jurisdiction over the Parties.

ARTICLE VII
TAX MATTERS

7.1 Responsibility for Transmission Owner Taxes. Each Transmission Owner shall be responsible for preparation and filing of all Tax Returns and other filings related to its Transmission Business and Transferred Facilities and for payment of any Tax liabilities related to its Transmission Business and Transferred Facilities. No Party shall be responsible for, or required to, file any Tax Returns or other reports for any other Transmission Owner and shall have no liability for any Taxes related to any other Transmission Owner's Transmission Business or Transferred Facilities.

7.2 Responsibility for the Company Taxes. The Company shall be responsible for preparation and filing of all Tax Returns and other filings related to its business and the facilities owned by it constituting part of the Transmission System and for payment of any Tax liabilities

related thereto. No Transmission Owner shall have any responsibility for filing, or be required to file, any Tax Returns or other reports for the Company and shall have no liability for any Taxes related to the Company's owned facilities.

ARTICLE VIII
FORCE MAJEURE

If a Party is rendered wholly or partly unable to perform its obligations under this Agreement because of a Force Majeure event, that Party shall be excused from whatever performance is affected by such Force Majeure event but only to the extent so affected, provided that: (i) the Party, within two (2) days after the occurrence of the Force Majeure event, gives the other Parties notice describing the particulars of the occurrence and its estimated duration;
(ii) the suspension of performance is of no greater scope and of no longer duration than is required by the Force Majeure event; and (iii) the Party uses commercially reasonable efforts to remedy its inability to perform and to resume its full performance under this Agreement; provided, however, that the Party's obligation to remedy its inability to perform shall not require the settlement of any strike, walkout, lockout or other labor dispute on terms that, in the sole judgment of the Party involved in said dispute, are contrary to its best interest.

ARTICLE IX
BREACH, CURE AND DEFAULT

9.1 Continued Operation. In the event of a breach or default hereunder by any Party, the Parties shall continue to operate and maintain their respective facilities and perform all acts reasonably necessary for the Company to operate and maintain the Transmission System in accordance with this Agreement and the MISO ITC Agreement.

9.2 Remedies.

9.2.1Specific Performance. The Parties agree and stipulate that a breach by a Party of this Agreement will result in irreparable damage to the other Parties for which no money damages could adequately compensate. In addition to all other remedies to which the other Parties may be entitled hereunder, including reasonable attorneys' fees pursuant to Section 10.19 and court costs, any other Party shall be entitled to seek injunctive relief or specific performance to restrain or compel the breaching Party. Each of the Parties expressly waives any claim that an adequate remedy at Law exists for such a breach.

9.2.2All Other Remedies. No right or remedy herein conferred is intended to be exclusive of any other available right or remedy, but each and every such right or remedy shall be cumulative and shall be in addition to every other right or remedy given hereunder or hereafter existing under Law or in equity. The exercise of any one right or remedy shall not be deemed an election of such right or remedy or preclude the exercise of any other right or remedy. The resort to any right or remedy provided for herein or provided for by Law or in equity shall not prevent the concurrent or

subsequent employment of any other right or remedy.

Notwithstanding the foregoing:

(a) as between the Parties, notwithstanding anything to the contrary in this Agreement, no Party will be liable to any other Party for indirect, consequential, special or punitive damages on account of any action or proceeding brought hereunder or related hereto; provided, however, that the foregoing shall not apply to indemnity obligations of any Party hereunder that relate to liabilities of the Indemnified Party to third parties, even if such liabilities to third parties include liability for indirect, consequential, special or punitive damages suffered by such third parties; and

(b) except with respect of the obligations of the Company (i) to reimburse Transmission Owners for costs on a Pass-Through Basis under the circumstances described in Sections 2.3, 2.4, 2.5, 4.1.3(a), (ii) to pay amounts to the Transmission Owners on a Pass-Through Basis as provided in this Agreement, (iii) to perform its obligations under Section 3.3.4, and (iv) to indemnify the Transmission Owners as provided in Section 3.4.1, the Company shall be liable to the Transmission Owners only in the case of Gross Negligence or Willful Misconduct.

9.3 No Joint Liability. The liabilities and obligations of each Party under this Agreement shall be several and not joint, and no Party shall be jointly liable under this Agreement with any other Party. Without in any way limiting the foregoing, the failure of one Transmission Owner to perform its obligations hereunder shall not constitute a failure to perform by any other Transmission Owner.

ARTICLE X
MISCELLANEOUS PROVISIONS

10.1 Not for Benefit of Third Parties. This Agreement is intended to be solely for the benefit of the Parties, their successors and permitted assignees, and is not intended to and shall not confer any rights or benefits on any Person not a signatory hereto.

10.2 Governing Law. THE VALIDITY AND INTERPRETATION OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT THIS AGREEMENT IS REQUIRED TO BE INTERPRETED OR ENFORCED IN ACCORDANCE WITH THE FEDERAL LAW OF THE UNITED STATES OF AMERICA, AND WITHOUT REFERENCE TO THE CHOICE OF LAW PRINCIPLES IN THE STATE OF NEW YORK THAT REQUIRE APPLICATION OF THE LAWS OF A DIFFERENT JURISDICTION.

10.3 Successors And Assigns. This Agreement shall inure to the benefit of, and be binding upon, each of the Parties, their respective successors and assigns. This Agreement may not be assigned by a Transmission Owner except that this Agreement (i) shall be assigned to any

successor to the ownership of a Transmission Owner's Transferred Facilities, and any such successor shall become a Transmission Owner under this Agreement or
(ii) may be assigned to a lender. This Agreement may not be assigned, by operation of Law or otherwise by the Company, except to a lender. An assignment of this Agreement by a Transmission Owner as to its Transferred Facilities in conformance with clause (i) of this Section 10.3 shall release such Transmission Owner from further liability or obligation under this Agreement as to obligations arising after the date of such assignment.

10.4 Effect of Waiver. No waiver by a Party of any one or more defaults by another Party hereto in the performance of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or different character.

10.5 Severability. Except for Section 5.1 of this Agreement, any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of that prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of that provision in any other jurisdiction, and such invalid, void, or unenforceable provision may be replaced with a suitable and equitable provision pursuant to Section 10.6 in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid, void, or unenforceable provision.

10.6 Renegotiation. If any provision of this Agreement, or the application thereof to any Person, Entity, or circumstance, is held by a court or Governmental Authority of competent jurisdiction to be invalid, void, or unenforceable, or if a modification or condition to this Agreement is imposed by a Governmental Authority exercising jurisdiction over this Agreement, then the Parties shall endeavor in good faith to negotiate such amendment or amendments to this Agreement as will restore the relative rights, obligations, and economic position of the Parties under this Agreement immediately prior to such holding, modification, or condition to the extent consistent with the orders, decisions or requirements of the applicable Governmental Authority. The rights and obligations of the Parties under this Agreement shall be modified to the extent necessary (i) to comply with an order of the Commission or (ii) as is necessary to avoid a determination by the Commission that the Company has ceased to be an ITC; provided, however, that any such modification (including any modification of the definition of Functional Control and the scope of activities performed by each Party hereunder) shall preserve to the maximum extent possible the relative rights, obligations, and economic positions of the Parties hereunder as in effect prior to giving effect to such modification.

10.7 Representations And Warranties. Each Party represents and warrants, as of the Effective Date, to each other Party that:

(i) it is duly organized, validly existing and in good standing under the applicable Laws of the jurisdiction of its organization and is qualified to do business (A) in the jurisdictions necessary to perform this Agreement, in the case of the Company, or (B) in the jurisdictions in which its Transferred Facilities are located, in the case of a Transmission Owner;

(ii) it has the power to execute and deliver this Agreement and to perform its obligations under this Agreement and has taken all necessary corporate and/or other actions to authorize such execution, delivery and performance;

(iii)its execution and delivery of this Agreement and its performance of its obligations under this Agreement do not violate or conflict with (A) any Laws applicable to it, (B) any provision of its charter or by-laws (or comparable constituent documents), (C) any order or judgment of any court or Governmental Authority applicable to it or any of its assets or (D) any contractual restriction binding on or affecting it or any of its assets, except third-party joint agreements covered by Section 10.13;

(iv) subject to the receipt of any Required Consents (as defined in the Master Agreement) required by it, to its knowledge, there are no Consents required for it and its Affiliates to perform their respective obligations under this Agreement other than Consents which have been obtained and Consents which may be required to perform obligations which, by the terms of this Agreement, will not arise and are not required to be performed except upon the happening of one or more contingencies specified in this Agreement;

(v) this Agreement has been duly executed and delivered by the Party and constitutes its legal, valid, and binding obligation, enforceable against it in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar Laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at Law); and

(vi) except as otherwise permitted herein, it has neither initiated nor received written notice of any pending action, proceeding, or investigation, nor to its knowledge is any such action, proceeding, or investigation threatened (or any basis therefor known to it), which questions the validity of this Agreement, or which would materially or adversely affect its rights or obligations under this Agreement.

10.8 Further Assurances. Each Party agrees that it shall hereafter execute and deliver such further instruments, provide all information, and take or forbear such further acts and things as may be reasonably required and useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the provisions of this Agreement.

10.9 Notices. Every notice, request, or other statement to be made or delivered to a Party pursuant to this Agreement shall be directed to such Party's representative at the address or facsimile number for such Party set forth on Appendix C or to such other address or facsimile number as the Party may designate by written notice to each other Party from time to time. All notices or other communications required or permitted to be given pursuant to this Agreement must be in writing and will be considered as properly given if sent by facsimile transmission (with confirmation notice sent by first class mail, postage prepaid), by reputable nationwide overnight delivery service that guarantees next Business Day delivery, by personal delivery, or, if mailed from within the United States, by first class United States mail, postage prepaid, registered or certified with return receipt requested. Any notice hereunder will be deemed to have been duly given (i) on the date personally delivered, (ii) when received, if sent by certified or registered mail, postage prepaid, return receipt requested or if sent by overnight delivery service; and (iii) if sent by facsimile transmission, on the date sent, provided confirmation notice is sent by first-class mail, postage prepaid promptly thereafter.

10.10Regulatory Proceedings. Subject to the provisions of Section 10.6, no Party shall seek to amend this Agreement through a unilateral application to the Commission to do so. Notwithstanding the foregoing, nothing in this Agreement shall be deemed to prohibit or limit any Party's right to otherwise initiate or intervene in any proceedings before the Commission or any other Governmental Authority involving its rights, duties, and obligations under this Agreement or any aspect of the Transmission System.

10.11Entire Agreement; Amendments. This Agreement constitutes the entire agreement among the Parties pertaining to the subject matter hereof and supersedes all prior agreements, representations and understandings, written or oral, pertaining thereto including that certain Letter of Intent dated June 20, 2002 among NGUSA, Ameren, ATSI and NIPSCO regarding the formation and operation of GridAmerica as an ITC within the Midwest ISO. Except as otherwise provided in
Section 3.4.3, no amendment to or modification, termination or waiver of or under any provision of this Agreement shall be valid unless the same shall be in writing and signed by the Company and one or more Transmission Owners owning Transmission Facilities with a Net Plant of at least 66.67% of the aggregate Net Plant of all Transmission Facilities subject to the Functional Control of the Company pursuant hereto (other than any Transmission Facilities owned by the Company); provided, however, that (i) Sections 3.4.1, 4.2.4 and 4.3 may only be so amended, modified, terminated or waived with the unanimous written consent of the Company and all the Transmission Owners, (ii) any amendment, modification, termination or waiver that materially adversely affects a specific Transmission Owner must be approved in writing by such Transmission Owner, and (iii) a waiver by a Party as to only its rights may be granted by such Party.

10.12Efforts of the Parties. Where the consent, agreement, or approval of a Party must be obtained hereunder, such consent, agreement, or approval shall not be unreasonably withheld, conditioned, or delayed. Where a Party is required or permitted to act, or omit to act, based on its opinion or judgment, such opinion or judgment shall not be unreasonably exercised. To the extent that the jurisdiction of any Governmental Authority applies to any part of this Agreement and/or the transactions or actions covered by this Agreement, each Transmission Owner shall cooperate with the Company and all other Transmission Owners to secure any

necessary or desirable approval or acceptance of such Governmental Authorities of such part of this Agreement and/or such transactions or actions.

10.13Third-Party Joint Agreements. This Agreement, including the appendices, shall not be construed, interpreted, or applied in such a manner as to cause a Transmission Owner to be in material breach, anticipatory or otherwise, of any agreement in effect on the Effective Date, between such Transmission Owner and one or more third parties for the joint ownership, operation, or maintenance of any electrical facilities covered by this Agreement or the MISO OATT. If a Transmission Owner has such a third-party joint agreement, it shall discuss with the Company any material conflict between such third-party joint agreement and this Agreement raised by a third party to such joint agreement, but the resolution of such a conflict shall, vis-a-vis the Company, be and remain within the sole discretion of the Transmission Owner; provided, however, that the Transmission Owner shall, if the conflict is otherwise unresolved, utilize the available remedies and dispute resolution procedures to resolve such conflict, including, but not limited to, submitting such conflict to the Commission for resolution; provided, further, that unless so ordered by the Commission or a court having jurisdiction, in no event shall the Transmission Owner enter into a resolution of such conflict which would impair the reliability of the Transmission System. Each Transmission Owner hereby represents and warrants that, except as otherwise set forth on Appendix B, the application of the provisions of this Section 10.13 will not have a material adverse effect on the ability of the Company to perform its obligations under this Agreement. Notwithstanding anything to the contrary in this Agreement, the Company shall not be deemed to be in breach of any of its obligations under this Agreement or subject to liability hereunder if it takes action or fails to take action with respect to any matter involving a Transmission Owner's exercise of its rights under this Section 10.13.

10.14Confidentiality. The following provisions set forth the obligations arising out of the disclosure of Confidential Information by a Party (the "Disclosing Party") to one or more Parties (the "Recipient" or "Recipients") under any Transaction Agreement.

(a) Agreement of Non Disclosure and Non-Use. In consideration of the disclosure by a Disclosing Party to a Recipient of Confidential Information, the Recipient and its officers, directors, partners, employees, Affiliates, agents, representatives, outside auditors, attorneys, and any Third Party Recipient who have access to the Confidential Information (collectively, "Representatives"):

(i) shall keep Confidential Information confidential and will not, without the prior written consent of such Disclosing Party or as allowed by this Agreement, disclose Confidential Information to other Persons; and

(ii) shall not use Confidential Information other than for purposes legitimately related to the operation of the business of the Company, including, without limitation, the exercise of Functional Control over any Transferred Facilities ("Approved Uses"); provided, however, that

nothing contained herein shall limit the right of the Company or any of its Representatives from using any Confidential Information disclosed to the Company by any Party consisting of methods, techniques, rate design and other similar Confidential Information which relates to the electric transmission industry generally, and not to the business of any Party, (but excluding any software developed by the Company or any Transmission Owner and excluding any Confidential Information of a Transmission Owner marked "Proprietary" by such Transmission Owner) for other than Approved Uses which are not in competition with the business of such Party. Each Recipient agrees to transmit the Confidential Information of a Disclosing Party only to such of the Recipient's Representatives who need to know the Confidential Information for the purpose of assisting the Recipient in Approved Uses, and who are informed of the provisions of this Section 10.14. A Recipient shall be fully liable for any breach of this Agreement by its Representatives and agrees, at its sole expense, to take reasonable measures to restrain its Representatives from prohibited or unauthorized disclosure or use of the Confidential Information.

(b) Disclosure Required by Subpoena, Law, Litigation or Legal Process. If any portion of Confidential Information is required to be disclosed by subpoena, Law, litigation, arbitration, or similar legal process, or to a Governmental Authority, the Recipient will promptly inform the Disclosing Party of the existence, terms and circumstances surrounding such request before any such disclosure is required so as to allow the Disclosing Party to protect the Confidential Information. The Recipient will consult with the Disclosing Party on the advisability of taking legally-available steps to resist or narrow such request. The Disclosing Party may thereafter seek to obtain a protective order, and the Recipient shall cooperate with the Disclosing Party in its efforts to obtain a protective order, to restrict access to, and any use or disclosure of, the Confidential Information, at the expense of the Disclosing Party. Notwithstanding anything else to the contrary contained herein, Confidential Information that is required to be disclosed in the ordinary course of the Company's business to the Commission or other Governmental Authority pursuant to Law or the MISO OATT may be so disclosed without compliance with this Section 10.14(b).

(c) Disclosure In Connection with Financing Transactions or Transfer of Transferred Facilities. In the event that a Recipient

desires to disclose Confidential Information in connection with a financing or other similar transaction or in connection with a transfer of its Transferred Facilities, including as part of the due diligence requested by a proposed counterparty or transferee (a "Third Party Recipient"), such Recipient may disclose such Confidential Information to such Third Party Recipient only after receipt by such Recipient from such Third Party Recipient of a confidentiality agreement containing substantially the terms and conditions set forth in this Section 10.14; provided, however, that no competitively sensitive Confidential Information concerning a Transmission Owner may be disclosed to any Person that is a direct competitor of such Transmission Owner without such Transmission Owner's prior written consent.

(d) Disclosure in Connection with Dispute. A Recipient may disclose Confidential Information to (i) the Panel in connection with an Arbitration pursuant to Section 6.2, (ii) to the Commission in connection with a Claim being heard by the Commission and (iii) to a court in connection with a dispute being heard by such court; provided, however, that the Recipient shall take reasonable steps to protect the confidentiality of such Confidential Information and, where the Recipient would not be materially adversely affected by its disclosure to the Disclosing Party of its intent to disclose such Confidential Information in connection with a dispute as provided above, the Recipient shall so disclose to the Disclosing Party the Recipient's intent to so disclose such Confidential Information so as to allow the Disclosing Party the opportunity to protect such Confidential Information. In such case, the Recipient shall cooperate with the Disclosing Party in its efforts to obtain a protective order, to restrict access to, and any other use or disclosure of, the Confidential Information.

(e) Survival of Obligations. The obligations with respect to Confidential Information set forth herein shall survive the termination of this Agreement for five (5) years. Upon the termination of the obligations of this Agreement with respect to an item of Confidential Information, the Recipient shall be free to use and disclose such item of information freely and without any obligation to the Disclosing Party.

(f) Ownership of Confidential Information. Each Disclosing Party reserves its (and, if applicable, its licensor's) ownership rights in and to its Confidential Information disclosed to a Recipient and only grants a license to use such Confidential Information for the Approved Uses. In addition, each Recipient agrees that it does not acquire any ownership interest in the Confidential Information of any Disclosing Party by virtue of the combination of such

Confidential Information with other Confidential Information, including that of the Company.

10.15No Partnership. This Agreement is not intended, and shall not be construed, interpreted or applied, to create a partnership or joint venture, and no Transmission Owner shall be entitled to act as an agent for any other Transmission Owner with respect to the Company.

10.16Current Documents. The Company shall maintain current versions of all agreements and procedures, all amendments thereto and shall post such documents on its Internet World Wide Web Site or equivalent form of electronic posting and provide such documents to the Transmission Owners.

10.17Late Payments. If a Party does not pay within ten (10) days of the date required hereunder, all or any portion of an amount such Party is required to pay as provided in this Agreement then (i) the amount such owing Party is required to pay shall bear interest at (A) the sum of (I) a varying rate per annum that is equal to the interest rate publicly quoted by The Wall Street Journal, from time to time as the prime commercial or similar reference interest rate with adjustments in that varying rate to be made on the same date as any change in that rate plus (II) 2% per annum or (B) such lower rate required under applicable Law, compounded annually and (ii) a Party to which payment is due may take any action, at the cost and expense of the owing Party to obtain payment by such owning Party of the portion of such owning Party's payment that is in default, together with interest thereon as provided above.

10.18Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, notwithstanding that all of the Parties are not signatories to the original or to the same counterpart.

10.19Attorneys' Fees. In any dispute arising hereunder, the party prevailing at final judgment shall be entitled to recover from the other party all of its reasonable attorneys' fees and costs incurred in such a proceeding, in addition to any affirmative or injunctive relief that it may receive.

10.20Time is of the Essence. Time is of the essence of each provision of this Agreement.

10.21Representatives. No later than fourteen (14) days after the execution of this Agreement by a Party, such Party shall appoint one (1) representative to serve as a point of contact for matters arising under this Agreement. No representative has the right to amend this Agreement or waive any rights under this Agreement. A Party may replace its representative at any time at its own discretion upon providing notice to the other Parties.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement, on their respective behalves.

GridAmerica LLC

By \s\Nicholas P. Winser
Name (typed or printed): Nicholas P. Winser
Title Chief Executive Officer

Union Electric Company d/b/a/ AmerenUE Central Illinois Public Service Company d/b/a/ AmerenCIPS By: Ameren Services Company

(their agent)

By \s\David A. Whiteley
Name (typed or printed): David A. Whiteley
Title Senior Vice President

American Transmission Systems, Incorporated

By \s\Stanley F. Szwed
Name (typed or printed): Stanley F. Szwed
Title Vice President

Northern Indiana Public Service Company

By \s\Jerry L. Godwin
Name (typed or printed): Jerry L. Godwin
Title Chief Operating Officer

AMEREN CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
AND PREFERRED STOCK DIVIDEND REQUIREMENTS

(Millions of Dollars, Except Ratios)

	Year Ended December 31,				
	1998	1999	2000	2001	2002
Net income from continuing operations	386	385	457	476	382
Income taxes	266	253	298	305	237
Fixed charges	206	193	205	223	239
Less:					
Preference security dividend requirements of consolidated subsidiaries	(22)	(21)	(20)	(20)	(18)
Total earnings	836	810	940	984	840
Fixed Charges:					
Interest expense	182	168	180	199	219
Estimated interest costs within rental expense	3	4	4	4	3
Preference security dividend requirements of consolidated subsidiaries:					
Preference dividends of consolidated subsidiaries	13	13	12	12	11
Adjustment to pre-tax basis	9	8	8	8	7
	22	21	20	20	18
Total fixed charges	207	193	204	223	240
Ratio of Earnings to Fixed Charges	4.06	4.20	4.59	4.42	3.51

Exhibit 21.1

SUBSIDIARIES OF AMEREN CORPORATION
AT DECEMBER 31, 2002

Name	State or Jurisdiction of Incorporation
Ameren Corporation	Missouri
Ameren Development Company	Missouri
Ameren Energy Communications, Inc.	Missouri
Ameren ERC, Inc.	Missouri
Missouri Central Railroad Company	Delaware
Ameren Energy, Inc.	Missouri
Ameren Energy Resources Company	Illinois
Ameren Energy Development Company	Illinois
Ameren Energy Generating Company	Illinois
Ameren Energy Fuels and Services Company	Illinois
Ameren Energy Marketing Company	Illinois
Illinois Materials Supply Co.	Illinois
Ameren Services Company	Missouri
Central Illinois Public Service Company (CIPS)	Illinois
CIPS Energy Inc.	Illinois
CIPSCO Investment Company	Illinois
CIPSCO Securities Company	Illinois
CIPSCO Leasing Company	Illinois
CLC Aircraft Leasing Company	Illinois
CLC Leasing Company A	Illinois
CIPSCO Energy Company	Illinois
CIPSCO Venture Company	Illinois
Union Electric Company (UE)	Missouri
Union Electric Development Corporation	Missouri
Electric Energy, Inc.<F1>	Illinois

<F1> Ameren owns 60% of the common stock.

Exhibit 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-39400, 333-89970, 333-89970-01 and 333-89970-02) and the Registrant Statements on Form S-8 (Nos. 333-43737, 333-50793, 333-72156, 333-103818 and 333-101506) of Ameren Corporation of our report dated February 13, 2003 relating to the consolidated financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 13, 2003 relating to the financial statement schedule, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
St. Louis, Missouri
March 31, 2003

Exhibit 24.1

POWER OF ATTORNEY

WHEREAS, AMEREN CORPORATION, a Missouri corporation (herein referred to as the "Company"), is required to file with the Securities and Exchange Commission, under the provisions of the Securities Exchange Act of 1934, as amended, its annual report on Form 10-K for the year ended December 31, 2002; and

WHEREAS, each of the below undersigned holds the office or offices in the Company set opposite his or her name;

NOW, THEREFORE, each of the undersigned hereby constitutes and appoints Charles W. Mueller and/or Gary L. Rainwater and/or Warner L. Baxter and/or Steven R. Sullivan the true and lawful attorneys-in-fact of the undersigned, for and in the name, place and stead of the undersigned, to affix the name of the undersigned to said Form 10-K and any amendments thereto, and, for the performance of the same acts, each with power to appoint in their place and stead and as their substitute, one or more attorneys-in-fact for the undersigned, with full power of revocation; hereby ratifying and confirming all that said attorneys-in-fact may do by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 14th day of February 2003:

Charles W. Mueller, Chairman, Chief Executive Officer and Director *(Principal Executive Officer)*	*/s/ Charles W. Mueller*
William E. Cornelius, Director	*/s/ William E. Cornelius*
Clifford L. Greenwalt, Director	*/s/ Clifford L. Greenwalt*
Thomas A. Hays, Director	*/s/ Thomas A. Hays*
Richard A. Liddy, Director	*/s/ Richard A. Liddy*
Gordon R. Lohman, Director	*/s/ Gordon R. Lohman*
Richard A. Lumpkin, Director	*/s/ Richard A. Lumpkin*
John Peters MacCarthy, Director	*/s/ John Peters MacCarthy*
Hanne M. Merriman, Director	
Paul L. Miller, Jr., Director	*/s/ Paul L. Miller, Jr.*
Harvey Saligman, Director	*/s/ Harvey Saligman*
James W. Wogsland, Director	*/s/ James W. Wogsland*
Warner L. Baxter, Senior Vice President *(Principal Financial Officer)*	*/s/ Warner L. Baxter*
Martin J. Lyons, Controller *(Principal Accounting Officer)*	*/s/ Martin J. Lyons*

STATE OF MISSOURI)
) SS.
CITY OF ST. LOUIS)

On this 14th day of February, 2003, before me, the undersigned Notary Public in and for said State, personally appeared the above-named officers and directors of Ameren Corporation, known to me to be the persons described in and who executed the foregoing power of attorney and acknowledged to me that they executed the same as their free act and deed for the purposes therein stated.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal.

/s/ K. A. Bell

K. A. BELL
Notary Public - Notary Seal
STATE OF MISSOURI
St. Louis County
My Commission Expires: October 13, 2006

Exhibit 99.2

CERTIFICATE
furnished under

Section 906 of the Sarbanes-Oxley Act of 2002.

I, Charles W. Mueller, chief executive officer of Ameren Corporation, hereby certify that to the best of my knowledge, the accompanying Report of Ameren Corporation on Form 10-K for the fiscal year ended December 31, 2002 fully complies with the requirements of Section 13 (a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of Ameren Corporation.

/s/ Charles W. Mueller
---------- Charles W. Mueller
Chief Executive Officer

Date: March 31, 2003

A signed original of this written statement required by Section 906 has been provided to Ameren Corporation and will be retained by Ameren Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.3

CERTIFICATE
furnished under

Section 906 of the Sarbanes-Oxley Act of 2002.

I, Warner L. Baxter, chief financial officer of Ameren Corporation, hereby certify that to the best of my knowledge, the accompanying Report of Ameren Corporation on Form 10-K for the fiscal year ended December 31, 2002 fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934 and that information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of Ameren Corporation.

/s/ Warner L. Baxter

Warner L. Baxter
Chief Financial Officer

Date: March 31, 2003

A signed original of this written statement required by Section 906 has been provided to Ameren Corporation and will be retained by Ameren Corporation and furnished to the Securities and Exchange Commission or its staff upon request.