

AGREEMENT

This Agreement ("Agreement") between INDIANA MICHIGAN POWER COMPANY, ("I&M"), an Indiana corporation, and the City of Fort Wayne, Indiana, a municipality located within Allen County, Indiana (the "City") is made effective as of March 1, 2010.

WHEREAS, I&M and the City are parties to a 1974 Lease Agreement pursuant to which I&M leased certain electric utility property from the City;

WHEREAS, a dispute has arisen relating to the Parties' rights and obligations under the 1974 Lease Agreement; and

WHEREAS, I&M and the City desire to settle all disputes or other matters between them relating to the 1974 Lease Agreement and to treat this Agreement as the definitive agreement resolving the dispute.

THEREFORE, I&M and the City agree to the following terms and conditions:

1. DEFINITIONS

The following terms have the meaning indicated here when used in this Agreement:

- 1.1. "Act" means the Indiana Electricity Suppliers' Service Area Assignments Act set forth in Indiana Code §8-1-2.3 *et seq.*
- 1.2. "APA" means the Asset Purchase Agreement between I&M and the City, which is attached hereto as Exhibit A.
- 1.3. "Betterments" means all items defined as "Betterments, Enlargements, and Extensions" in Article XVII of the Lease and includes all items listed on Exhibit B to this Agreement.
- 1.4. "Commission" means the Indiana Utility Regulatory Commission.
- 1.5. "Effective Date" means March 1, 2010.
- 1.6. "Effective Date of the Final Order" means the date upon which the Final Order may no longer be appealed or challenged by any person or organization.
- 1.7. "Electricity Supplier" shall have the definition provided to it by the Act.
- 1.8. "Final Order" means an order issued by the Commission that approves this Agreement without any modification or condition that is objectionable to either Party and for which the time to appeal such an order has expired.
- 1.9. "Hazardous Constituent" shall have the meaning assigned thereto under 40 C.F.R. § 260.10.

- 1.9.1. "Hazardous Materials" shall mean, collectively, Hazardous Substances, Hazardous Constituent and Solid Wastes.
- 1.9.2. "Hazardous Materials Laws" shall mean all laws, statutes, ordinances, rules, or regulations promulgated by any governmental authority concerning Hazardous Materials or concerning the protection of, or regulation of the discharge of substances into, the environment or concerning the health or safety of persons with respect to environmental hazards, and includes, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. §§ 9601 et seq., Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Solid and Hazardous Waste Amendments of 1984, 42 U.S.C. §§ 6901 et seq., Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. §§ 1251 et seq., Clean Air Act of 1966, as amended, 42 U.S.C. §§ 7401 et seq., Toxic Substances Control Act of 1976, 15 U.S.C. §§ 2601 et seq., Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq., Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq., National Environmental Policy of 1975, 42 U.S.C. §§ 4321 et seq., Safe Drinking Water Act of 1974, as amended, 42 U.S.C. § 300(f) et seq., the Hazardous Materials Transportation Act, 42, U.S.C. § 1801 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, U. S.C. § 7401 et seq., and any similar or implementing law of the State of Indiana, and all amendments, rules, and regulations promulgated thereunder or implementing the same.
- 1.9.3. "Hazardous Substances" shall mean at any time any substance, waste, pollutant, contaminant or material, in solid, liquid or gaseous form, which: (i) is a substance regulated or defined or designated as hazardous, extremely or imminently hazardous, objectionable, dangerous, or toxic pursuant to any law, by any local, state, territorial or federal governmental authority; (ii) is a substance with respect to which such a governmental authority otherwise requires environmental compliance, investigation, monitoring, reporting, or remediation; including but not limited to, (A) all substances, wastes, pollutants, contaminants and materials regulated, or defined or designated as hazardous, extremely or imminently hazardous, dangerous, objectionable or toxic, under any Hazardous Materials Law; (B) petroleum and petroleum based products including crude oil, used oil and any fractions thereof; (C) natural gas, synthetic gas, and any mixtures thereof; (D) radon; (E) radioactive substances and materials; (F) asbestos; (G) urea formaldehyde; (H) polychlorinated biphenyls; (I) lead; (J) methane; (K) flammable substances and materials ; and (L) explosives.
- 1.9.4. "Solid Wastes" shall have the meaning assigned thereto in 40 C.F.R. § 261.2.

- 1.9.5. "Storage Containers" shall mean existing and future containers for Hazardous Materials and aboveground and underground storage tank systems (including underground piping, conduits or sumps).
- 1.9.6. "Wetlands Laws" means, without limitation, 33 C.F.R. § 328.3 and any comparable state and local law, statute, ordinances, rule or regulation.
- 1.10. "Lawsuit" means the litigation pending before the Allen County Superior Court as Cause No. 02D01-0910-PL-400.
- 1.11. "Lease" means the September 13, 1974 Fort Wayne Municipal Electric Utility Lease Agreement between the City as Lessor and Indiana & Michigan Electric Company (now I&M) as Lessee.
- 1.12. "Parties" means both I&M and the City, and each of I&M and the City shall be considered to be a "Party."
- 1.13. "Personal Property" means all of the property included within the definition of "Leased Property", excluding the Real Estate, set forth in Article 1.1(a) of the Lease and as listed on Exhibit C, attached hereto.
- 1.14. "Petition" means a petition to be filed by I&M seeking the Commission's unconditional approval of this Agreement.
- 1.15. "Property" shall mean (i) the Personal Property, and (ii) the Real Estate.
- 1.16. "Real Estate" means the real estate as described in Exhibit D, attached hereto.

2. PAYMENTS TO THE CITY

- 2.1. In consideration for the City's transfer of the Property to I&M and for the City's promises and obligations contained herein (as more fully set forth in Section 3 of this Agreement), I&M shall make the following payments to the City:
 - 2.1.1. I&M will pay the City \$5,000,000 within thirty (30) days of the Effective Date of the Final Order.
 - 2.1.2. I&M will make the following monthly installment payments (which shall be comprised of both principal and interest) to the City for fifteen (15) years which payments shall be due on the first (1st) of each month, paid in immediately available funds and directly deposited into an account designated by the City:
 - 2.1.2.1. \$1,740,000 per year, payable in monthly installments of \$145,000 each, commencing on March 1, 2010 and ending on February 1, 2013 (which payment is the same as the payment

I&M was making under the Lease during the final year of its term);

2.1.2.2. \$2,200,000 per year, payable in monthly installments of \$183,333.33 each, commencing on March 1, 2013 and ending on February 1, 2016;

2.1.2.3. \$2,400,000 per year, payable in monthly installments of \$200,000 each, commencing on March 1, 2016 and ending on February 1, 2021; and

2.1.2.4. \$2,600,000 per year, payable in monthly installments of \$216,666.66 each, commencing on March 1, 2021 and ending on February 1, 2025.

2.1.3. If I&M fails to make any of the above payments by the date required, the City shall give written notice of such failure. I&M shall have twenty (20) days from the receipt of notice to make the required payment. If the required payment is not made within this twenty (20) day notice period, I&M shall be in "Default."

2.1.4. In the event of Default by I&M, the City shall be entitled to seek to enforce the terms of this Agreement in a court of law.

2.1.5. Any installment which is not paid in full on or before the fifth day of a month shall accrue interest at a rate of ten percent (10%) per annum until paid in full.

3. CONSIDERATION

3.1. The Parties agree that the payments made pursuant to Section 2 of this Agreement shall be deemed to be applied as follows:

3.1.1. The Parties agree that the payment set forth in Section 2.1.1 shall be deemed to be full payment in consideration of the following:

3.1.1.1. settlement of any and all claims that the City may now or hereafter have or possess that it is entitled to serve customers located within the service area currently assigned to I&M pursuant to the Act;

3.1.1.2. settlement of any and all claims that the City may now or hereafter have or possess that it is entitled to receive damages and other payments consistent with the Act (specifically, Indiana Code §8-1-2.3-3); and

3.1.1.3. the City's agreements set forth in Section 8.

3.1.2. The Parties agree that the payments set forth in Section 2.1.2 shall be deemed to be full payment in consideration of the following:

3.1.2.1. the fair value of the Property;

3.1.2.2. settlement of any and all claims the City may now or hereafter have or possess that it is entitled to purchase the Betterments from I&M; and

3.1.2.3. settlement of any and all claims the City may now or hereafter have or possess against I&M that I&M is required to make certain expenditures relating to generation facilities.

3.2. The Parties agree that the fair value of the Personal Property is based on reproduction cost new less depreciation consistent with Indiana Code § 8-1-2.3-3 and 6.

4. VALUATION AND USEFULNESS OF THE PROPERTY

4.1. The fifteen-year stream of payments set forth in Section 2.1.2 will total a gross sum of \$34.2 million, and has a net present value of \$19 million based on I&M's weighted cost of capital.

4.2. The present fair value of the Property based upon reproduction cost new less depreciation is \$13.1 million.

4.3. The present value of extinguishing the City's claimed right to purchase the Betterments and the City's claim regarding I&M's obligations with respect to generation is \$5.9 million.

4.4. The Property is used and useful in the provision of electric service to I&M's customers.

5. RATEMAKING TREATMENT

5.1. The Parties agree that this Agreement shall be contingent upon Commission approval of the following accounting and ratemaking treatment of the amounts payable under this Agreement. Both I&M and the City shall support the following proposal.

5.1.1. The fair value of the Property based upon reproduction cost new less depreciation will be recognized for ratemaking purposes as rate base assets in I&M's next general Indiana rate case; and

5.1.2. The value of extinguishing the City's claims referenced in Sections 3.1.1, 3.1.2.2, and 3.1.2.3 will be recorded by I&M in Other Regulatory Assets and the appropriate annual amount will be recognized for ratemaking purposes as an expense in I&M's Indiana cost of service, as follows:

5.1.2.1. Prior to I&M's next general Indiana rate case, the regulatory asset will be amortized on a straight-line basis in an annual amount of \$1.186 million, representing the annual Lease payment recognized for ratemaking purposes in I&M's current Indiana retail rates.

5.1.2.2. Beginning with I&M's next general Indiana rate case, the regulatory asset will be amortized on a straight-line basis over the remaining life of the stream of payments set forth in this Agreement. The regulatory asset will continue to be recognized in subsequent rate cases until fully amortized.

6. PERSONAL PROPERTY

6.1. Subject to the terms and conditions of this Agreement and the APA, the City does hereby agree to sell, transfer, convey, assign and deliver to I&M and I&M does hereby agree to purchase and accept from the City, all of the City's rights, title and incidents of interest in and to the Personal Property. The Parties shall execute the APA on and as of the date of execution of this Agreement. The APA shall be held by I&M in escrow. I&M may release the APA from escrow upon the third day following the Effective Date of the Final Order.

6.2. I&M, as consideration for the transfer and delivery to it of the Personal Property as herein provided, shall pay the City as set forth in Section 2, with the allocations to be made as agreed in Section 3.

6.3. Upon the execution of this Agreement, the City shall deliver to I&M a properly executed bill of sale transferring the Personal Property to I&M together with such other documents reasonably requested by I&M to transfer title to the Personal Property to I&M. I&M shall hold such documents in escrow until the Effective Date of a Final Order. Upon the third day following Effective Date of the Final Order, I&M may release all such documents from escrow.

7. REAL ESTATE

7.1. Subject to the terms and conditions of this Agreement and the APA, the City does hereby agree to sell, transfer, convey, assign and deliver to I&M and I&M does hereby agree to purchase and accept from the City, all of the rights, title and incidents of interest in and to the Real Estate.

- 7.2. I&M, as consideration for the transfer and delivery to it of the Real Estate as herein provided, shall pay the City as set forth in Section 2, with allocations to be made as agreed in Section 3.
- 7.3. Within fifteen days of the execution of this Agreement, the City shall deliver to I&M the following, which shall be held in escrow by I&M until the time set forth in Section 7.4:
 - 7.3.1. a properly executed special warranty deed in recordable form conveying the City's title in the Real Estate to I&M;
 - 7.3.2. an assignment and assumption agreement assigning all of the City's right, title and interest in and to all licenses, easements and the like concerning the supply of electricity, including but not limited to third party utility easements;
 - 7.3.3. an Owner's Title Policy (as defined in the APA) with an effective date as of the Closing Date; and
 - 7.3.4. such other documents reasonably requested by I&M to transfer title to the Real Estate to I&M.
- 7.4. I&M may release all of the documents listed in Section 7.3 on the third day following the Effective Date of the Final Order.

8. CITY'S AGREEMENTS

- 8.1. The City agrees and covenants as follows:
 - 8.1.1. the City will relinquish any option it might possess pursuant to the Lease or otherwise (i) to obtain possession of (whether through purchase or otherwise) any property owned by I&M or the Betterments, and (ii) to operate any electric utility located within the area formerly served by City Light for the purpose of providing retail electric service to the public;
 - 8.1.2. the City will acknowledge that I&M is the exclusive Electricity Supplier within the area formerly served by City Light, as well as the area in and around the City currently served by I&M;
 - 8.1.3. the City will waive any and all rights it may have to be an Electricity Supplier;
 - 8.1.4. the City agrees not to challenge, either directly or indirectly, I&M's status as the sole Electricity Supplier within the City of Fort Wayne; and
 - 8.1.5. the City will not attempt to become an Electricity Supplier, or to otherwise provide retail electric service to the public, either directly or through any

other entity, or to otherwise take any action, or encourage or direct any third party to take any action, that would lead to another Electricity Supplier or a third party that would supply retail electric service to the public within the area comprised of the City of Fort Wayne, the area formerly served by City Light, or the area currently served by I&M. Provided, however, that nothing in this Section 8 shall be deemed to prohibit the City from installing, owning and operating its own electric generation for purposes of meeting its needs for electric power and energy, participating in demand response and similar programs in accordance with applicable Federal law, Indiana law and I&M's terms and conditions of service.

- 8.2. The City shall be deemed to have made all of the agreements set forth in this Section 8 as of the Effective Date of the Final Order.
- 8.3. The Parties acknowledge that the express intent of this Agreement is to preclude the City from providing retail electric service to the public, whether as an Electricity Supplier or otherwise, within the area comprised of the City of Fort Wayne, the area formerly served by City Light, or the area currently served by I&M for as long as I&M provides retail electric service within those areas. The City acknowledges that the intent of the Parties in entering into this Agreement is that the City will at no future time serve as a provider of retail electric service within the Fort Wayne area. The City acknowledges that any material breach of the City's obligations under this Section 8 would deprive I&M of the benefit of its bargain. Thus, in the event that the City materially breaches any of its agreements set forth in this Section 8, I&M shall be entitled to withhold all payments that would be otherwise due to the City after such material breach. In the event a court of competent jurisdiction determines that the City has materially breached any of its agreements set forth in this Section 8, I&M, without prejudice to any other legal or equitable remedies, including specific performance and permanent or temporary injunctive relief, shall be entitled to the return of the payment set forth in Section 2.1.1.
- 8.4. The City acknowledges that this Agreement is in the best business interests of the City. This Agreement is meant to constitute a business decision of the City, pursuant to which it has agreed not to provide retail electric service within the Fort Wayne area (except as otherwise set forth herein) in exchange for the consideration received hereunder.
- 8.5. The City hereby transfers and assigns to I&M any and all rights it may have or possess to act as a provider of retail electric service within the Fort Wayne area, whether pursuant to the Act or otherwise. In the event that the City obtains any future right to act as a provider of retail electric service within in the Fort Wayne area, whether pursuant to the Act or otherwise, the City agrees to assign such right to I&M.

9. TERMINATION OF LEASE

9.1. The Parties agree that the Lease is deemed to have terminated upon the expiration of its original term.

10. COMMISSION APPROVAL

10.1. This Agreement shall be subject to the approval of the Commission in its entirety and without any change or condition that is unacceptable to either Party, including the Commission's approval of all amounts to be paid to the City as being recoverable by I&M as a part of its cost of service and the ratemaking treatment set forth in Section 5 of this Agreement.

10.2. As soon as practicable, I&M shall file the Petition. The City shall thereafter timely file a petition to intervene in and be made a party to the Commission proceeding relating to the Petition. The Parties shall cooperate as necessary and appropriate to prepare and file their respective testimony and exhibits in support of Commission approval of the relief requested in the Petition. Such evidence shall be admitted into evidence without objection from either Party and the Parties will agree to waive the right of cross-examination. The Parties will request that the Commission review this Agreement on an expedited basis and, if the Commission finds this Agreement is reasonable and in the public interest, approve this Agreement as soon as reasonably possible. The Parties shall prepare and file an agreed upon proposed order with the Commission.

10.3. The Petition will submit this Agreement and supporting evidence conditionally. In the event that the Commission does not approve this Agreement in its entirety and without any change or condition that is unacceptable to either Party, unless otherwise agreed in writing by the Parties, the Petition and all supporting evidence filed by either Party shall be withdrawn.

10.4. The evidence to be filed with the Commission in support of this Agreement will constitute substantial evidence sufficient to support the Commission's approval of the Agreement and will provide an adequate evidentiary basis upon which the Commission can make any findings of fact and conclusions of law necessary for the approval of this Agreement, as filed.

11. COURT PROCEEDINGS

11.1. Contemporaneously with the filing of the Petition, the Parties shall file a Joint Motion to Stay the Lawsuit, in its entirety, pending entry of a Final Order.

11.2. The Parties shall cooperate in seeking the Court's entry of an Order granting the Joint Motion to Stay.

- 11.3. Upon the Effective Date of the Final Order, the Parties shall jointly file a stipulation of dismissal with prejudice with respect to the Lawsuit, which shall dismiss any and all claims made within the Lawsuit.

12. THE COMMON COUNCIL

- 12.1. The City and I&M shall present the terms of this Agreement to the Common Council of the City of Fort Wayne (the "Common Council") for approval.
- 12.2. The form and content of a joint presentation to the Common Council shall be coordinated by the Parties.
- 12.3. Nothing in this Agreement shall prevent the City officials from fulfilling their obligation to inform Common Council members of the status of this matter. I&M shall be entitled to speak with Common Council members regarding the status of this matter in response to any request to do so by a Common Council member. The Parties agree to inform all Common Council members of the confidential nature of this matter. The Parties further agree not to take any position that is contrary to the terms of this Agreement when speaking with Common Council members.

13. PAYMENTS PRIOR TO FINAL ORDER

- 13.1. I&M has placed into an escrow account the payments under Section 2.1.1 that have become due since March 1, 2010 (the "Escrowed Payments"). Within fifteen business days after execution of this Agreement, I&M shall pay to the City all Escrowed Payments.
- 13.2. Beginning upon the first business day of the first full month after the execution of this Agreement, and continuing until the earlier of (i) the date upon which Common Council of the City of Fort Wayne does not approve the City's entry into the Agreement, (ii) the Effective Date of the Final Order, or (iii) any order from the Commission that rejects any part of the Agreement, I&M shall make monthly payments to the City in the amount of \$145,000 and thereafter as required by Section 2.1.2.
- 13.3. If (i) the Common Council of the City of Fort Wayne approves the City's entry into this Agreement without change or condition unacceptable to I&M, and (ii) the Commission approves this Agreement in its entirety and without change or condition unacceptable to either Party, then the payments to be made by I&M pursuant to Section 13.1 shall be credited against I&M's payment obligations under Section 2.1.2.
- 13.4. If (i) the Common Council of the City of Fort Wayne does not approve the City's entry into this Agreement without change or condition unacceptable to I&M, or

(ii) the Commission does not approve this Agreement in its entirety and without change or condition unacceptable to either Party, then the payments to be made by I&M pursuant to this Sections 13.1 and 13.2 shall be placed in an escrow account or deposited with the Allen Superior Court within thirty (30) days of the date upon which the first of either of the events set forth in (i) and (ii) occurs.

13.5. During the time period in which I&M is making the payments set forth in Section 13.1, the Parties shall take no legal action regarding, and shall make no public statements relating to, any alleged breach or default of the Lease.

14. MUTUAL RELEASE

14.1. Except as otherwise explicitly set forth herein and except with respect to enforcement of the terms of this Agreement, including with without limitation, the indemnification obligations contained in Section 15 hereof, each Party for itself and for all of its representatives, officers, directors, owners, agents, officials, attorneys, employees, successors, predecessors, and related entities, shall release and forever discharge the other, including without limitation all predecessor and successor entities and all of their respective present and past partners, associates, attorneys, agents, officers, directors, employees, insurers, assigns, and all others acting for, by, or through I&M and the City, from and against any and all claims, demands, rights, costs, attorneys' fees, causes of action, suits at law or in equity, regulatory proceedings or relief, losses or damages of any nature, whether now known or unknown, anticipated or unanticipated, of any nature whatsoever, which either Party now has, has had, or may later claim to have arising from or related to (i) any aspect of the Lease or any rights or obligations arising thereunder, (ii) any claim that may exist between the Parties with respect to I&M's provision of, or alleged failure to provide, electric service to the City, and (iii) any claim relating to I&M's right to serve customers within I&M's assigned service area, including, but not limited to claims arising under antitrust laws or any other law, regulation, precedent, doctrine, theory, or rule.

14.2. The releases contained within this Section 14 will be deemed to have been made upon the Effective Date of the Final Order.

15. REPRESENTATIONS AND INDEMNIFICATION

15.1. I&M hereby represents and covenants to the City that I&M has not performed any operations on the Property in violation of any Hazardous Materials Laws or Wetlands Laws, that I&M has not caused nor is responsible for any violation of Hazardous Materials Laws or Wetlands Laws to occur with respect to the Property, and that I&M is unaware of any violations of any Hazardous Materials Laws or Wetlands that have occurred on the Property during the term of the Lease.

- 15.2. The City hereby represents and covenants to I&M that the City has not performed any operations on the Property in violation of any Hazardous Materials Laws or Wetlands Laws, that the City has not caused nor is responsible for any violation of Hazardous Materials Laws or Wetlands Laws to occur with respect to the Property, and that the City is unaware of any such violations of any Hazardous Materials Laws or Wetlands that have occurred on the Property prior to or during the term of the Lease.
- 15.3. I&M shall be solely responsible for, and I&M agrees, at its sole cost and expense, to indemnify, protect and hold harmless the City, its directors, officers, employees, agents, successors and assigns, ("City Indemnified Parties"), from and against, any claim, action, cause of action, loss, damage, cost (including, without limitation, reasonably attorneys' fees and consultants' fees), expense, liability, obligation, penalty, demand, suit, proceeding, or disbursement directly or indirectly, in whole or in part, arising out of or attributable to a breach of I&M's representations and covenants contained in Section 15.1 ("I&M Environmental Claims"). For the purposes of this Agreement, I&M Environmental Claims shall include, without limitation: (A) the cost of any required or necessary repair, response, or cleanup of the Property and (B) all costs and expenses incurred by the City in connection with clause (A); provided, however, that nothing contained in this paragraph shall be deemed to (i) create or give any rights to any person other than City Indemnified Parties, it being intended that there shall be no third party beneficiary of such provisions, other than City Indemnified Parties, or (ii) preclude I&M from seeking indemnification from, or otherwise proceeding against, any third party including, without limitation, any tenant or predecessor in title to the Property.
- 15.4. The City shall be solely responsible for, and the City agrees, at its sole cost and expense, to indemnify, protect and hold harmless I&M, its directors, officers, employees, agents, successors and assigns, ("I&M Indemnified Parties"), from and against, any claim, action, cause of action, loss, damage, cost (including, without limitation, reasonably attorneys' fees and consultants' fees), expense, liability, obligation, penalty, demand, suit, proceeding, or disbursement directly or indirectly, in whole or in part, arising out of or attributable to a breach of the City's representations and covenants contained in Section 15.2 ("City Environmental Claims"). For the purposes of this Agreement, City Environmental Claims shall include, without limitation: (A) the cost of any required or necessary repair, response, or cleanup of the Property and (B) all costs and expenses incurred by the I&M in connection with clause (A); provided, however, that nothing contained in this paragraph shall be deemed to (i) create or give any rights to any person other than I&M Indemnified Parties, it being intended that there shall be no third party beneficiary of such provisions, other than I&M Indemnified Parties, or (ii) preclude the City from seeking indemnification from, or otherwise proceeding against, any third party including, without limitation, any tenant or predecessor in title to the Property.

- 15.5. Any costs or expenses incurred by either Party for which the other Party is responsible or for which the other Party has agreed to provide indemnification shall be paid to by the indemnifying party on demand, and failing prompt reimbursement, shall earn interest at the highest default rate of interest specified herein until paid in full.
- 15.6. Notwithstanding anything in this Agreement to the contrary, the representations and undertakings of the Parties in this Section 15 shall survive the execution of this Agreement and the issuance of the Final Order.

16. EFFECT OF NON-APPROVAL OF AGREEMENT

- 16.1. If the Commission does not approve the Agreement in its entirety and without change or condition unacceptable to any Party, or, if the Common Council does not approve the City's entry into the Agreement, then, unless otherwise agreed in writing by the Parties:
 - 16.1.1. This Agreement, and all documents created in furtherance of the terms of this Agreement, with the exception of the terms contained in Sections 16, 21, and 24, and I&M's right to use the Property as set forth in Section 17, shall be deemed null, void and of no further effect;
 - 16.1.2. The Parties will cooperate in withdrawing the Petition, Agreement, and supporting evidence filed with the Commission;
 - 16.1.3. The Parties will request that the Court lift the stay of the Lawsuit, effective thirty (30) days from the earlier of (i) the date upon which the Commission issues an order that does not unconditionally approve this Agreement or (ii) the date upon which the Common Council indicates that it will not approve the City's entry into and the terms of this Agreement;
 - 16.1.4. Upon the effective date of the lifting of the stay sought pursuant to Section 11, the state of proceedings in the Lawsuit shall then be, in every respect, as if the date of the lifting of the stay were February 2, 2010, and all circumstances between the Parties and with respect to the Lease were as they existed on and as of February 2, 2010;
 - 16.1.5. Except as may be necessary to implement or enforce the terms of this Section 16, no Party or witness shall be permitted to refer to, or offer into evidence, this Agreement, the Petition, or the Joint Motion (or any act, omission or statement by any Party in furtherance of or reliance of the terms of such documents) in the Lawsuit or in any agency or other proceeding concerning the Lease;
 - 16.1.6. All payments made by I&M to the City pursuant to Section 13 shall be held by the City so that they are available either as an offset against

amounts that may be recoverable by the City from I&M in the Lawsuit or in any Commission proceeding relating to the Lease or to be returned to I&M in the event that no amounts are recoverable by the City or the Common Council does not approve the City's entry into and the terms of this Agreement;

16.1.7. Each Party shall bear its own costs and attorneys' fees associated with the efforts and actions required by this Agreement, the Petition, the City's petition to intervene in the Commission proceeding and the Joint Motion; and

16.1.8. Neither the making of this Agreement nor any of its provisions, or the provisions of the Agreement, shall constitute an admission by either Party, in the Lawsuit or any other litigation or proceeding. It is also understood that each and every term of the Agreement will be in consideration and support of each and every other term.

17. USE OF PROPERTY

17.1. The City agrees that from the termination of the Lease until the earlier of either the Effective Date of the Final Order or the non-approval of this Agreement as set forth in Section 16, I&M is entitled to use the Property as if the Lease were in full force and effect.

18. SEVERABILITY

18.1. The terms of the Agreement will not be severable and shall be accepted or rejected by the Commission in their entirety, without modification or further condition(s) that may be unacceptable to either Party. Notwithstanding the foregoing, the terms set forth in Sections 16, 21, and 24, as well as I&M's right to use the Property set forth in Section 17, shall survive and be binding upon the Parties in the event that the Commission does not unconditionally approve the Agreement.

19. COLLABORATION

19.1. The Parties will cooperate and work together to defend against any third (3rd) party challenge to: i) the validity of this Agreement; and/or ii) the approval of this Agreement by the Commission and the Common Council (i) and ii) collectively referred to as a "Challenge").

19.2. The Parties will continue to collaborate on implementation of energy efficiency efforts in and around the City under the Commission's generic order dated December 9, 2009 in Cause No. 42693-Phase II.

19.3. The Parties will collaborate and cooperate with respect to the winding down of the City of Fort Wayne, Indiana and Indiana and Michigan Electric Company Restated Pension Plan and Funding Agreement (the "Pension Plan").

19.3.1. I&M will assign to the City sole sponsorship of the Pension Plan and its rights as Contractholder under the Group Annuity Contract with the Lincoln National Life Insurance Company which has been maintained in connection with the Pension Plan.

19.3.2. The City, at its own cost and expense, will take all actions (including any filings) that the City determines to be necessary to wind down the Pension Plan. I&M, at its own cost and expense, shall provide all support to the City that I&M and the City agree to be necessary to wind down the Pension Plan.

19.3.3. The City, as sponsor of the Pension Plan, shall have the sole right to any permissible reversion from the Pension Plan following the satisfaction by the pension Plan of all of the Pension Plan's liabilities.

20. NON-LEASE CLAIMS.

20.1. The Parties have identified certain charges for services rendered by I&M to the City as a customer of I&M that are unrelated to the Lease (the "Non-Lease Claims"). Specifically, the Non-Lease Claims relate to a gate relocation at the Three Rivers Substation, a 2007 Control Cable Relocation at the Filtration Plant, the conversion of Transformer No. 4 at Three Rivers Substation, the provision of 34KV underground service at the St. Joseph Dam, and provision of a 4KV portable transformer for the Three Rivers Filtration Plant.

20.2. The Parties agree that:

20.2.1. It is in the best interest of all concerned to eliminate any ambiguity regarding the effect of this Agreement on the Non-Lease Claims.

20.2.2. The value of the Non Lease Claims is \$555,000

20.2.3. The City shall pay to I&M the sum of \$555,000 within thirty (30) days after the City's receipt of the payment set forth in Section 13.1.

20.3. Upon receipt of the payment set forth in Section 20.1, I&M shall release and discharge the City from any and all liability relating to the Non-Lease Claims.

21. PUBLIC STATEMENTS

- 21.1. The Parties shall agree on the form, wording and timing of the public/media announcements concerning the Parties' execution of this Agreement, and with respect to filings with the Commission related to approval of this Agreement.
- 21.2. Unless otherwise required by law, neither Party will release any information to the public or media before the joint announcement of execution of this Agreement. Either Party may respond individually, without prior approval of the other Party, to questions from the public or media, provided that such responses are consistent with the agreed announcement and do not disparage the other Party.
- 21.3. Nothing in this Agreement shall limit or restrict the ability of the Commission or the Common Council to publicly comment regarding this Agreement or any Order affecting this Agreement.

22. NATURE OF AGREEMENT

- 22.1. This Agreement arises from a unique situation in terms of the resolution of disputed issues between the Parties related to the Lease and application of the terms of the Act. Neither the making of this Agreement (nor the execution of any instrument or court or agency submission required to effectuate the provisions of this Agreement), nor the provisions thereof, nor the entry by the Commission of a Final Order (or any other order), shall establish any principle or legal precedent applicable to Commission proceedings other than those resolved by this Agreement. A Final Order shall not constitute, and shall not be used as, precedent by any person in any other proceeding or for any other purpose, except to the extent necessary to implement or enforce this Agreement.
- 22.2. This Agreement is the result of compromise in the settlement process and, except as provided herein, is without prejudice to and shall not constitute a waiver of any position that either of the Parties may take with respect to any or all of the items resolved by this Agreement and in any future regulatory or other proceedings.
- 22.3. This Agreement shall constitute a resolution of all matters involving, relating to, and concerning the Lease.

23. NATURE OF COMMUNICATIONS

- 23.1. The communications and discussions during the negotiations and mediation conferences, and any materials produced and exchanged concerning this Agreement, including drafts of the term sheet, drafts of the Agreement and drafts of documents filed with the Commission, all relate to offers of settlement and shall be privileged and confidential, without prejudice to the position of either

Party, and are not to be released to the public or used in any manner in connection with the Lawsuit, any other proceeding, or otherwise.

24. EFFECT OF FINAL ORDER

- 24.1. The Parties shall not appeal or seek rehearing, reconsideration or a stay of an order issued by the Commission that approves this Agreement in its entirety and without any change or condition that is unacceptable to either Party (or related orders to the extent such orders are specifically implementing the provisions of this Agreement).
- 24.2. The Parties shall support or not oppose this Agreement in the event of any appeal or a request for a stay by a person not a party to the Agreement or if the Agreement is the subject matter of any other state or federal proceeding.
- 24.3. Upon issuance of a Final Order, the agreements and covenants contained therein shall be unconditional, effective and binding on both Parties as an Order of the Commission.

25. MISCELLANEOUS

- 25.1. Governing Law. The Agreement shall be interpreted and enforced in accordance with the laws of the State of Indiana. Except as provided in Section 2.1.4, the provisions of the Agreement shall be enforceable by either Party before the Commission and thereafter, as necessary, a court of law located in Allen County, Indiana.
- 25.2. Authority to Execute Agreement. The undersigned persons have represented and agreed that they are fully authorized to execute this Agreement on behalf of the Parties they represent.
- 25.3. Entire Agreement. This Agreement constitutes the entire Agreement between the Parties concerning the subject matter hereof and supersedes any prior written or verbal agreements or understandings in connection herewith. No amendment, waiver or modification hereto or hereunder shall be valid unless specifically made in writing and signed by an authorized signatory of each of the Parties hereto.
- 25.4. No Waiver. Neither Party's failure to exercise any of its rights under this Agreement will constitute or be deemed a waiver or forfeiture of those rights.
- 25.5. Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail or delivered either by hand or by messenger, or sent via fax, addressed to the address set forth at the foot of this Agreement. Any notice or other communication so addressed and mailed by registered or certified mail (in each case, with return receipt

requested) shall be deemed to be delivered and given when so mailed. Any notice or other communication so addressed and delivered by hand, by messenger or by fax shall be deemed to be given when actually received by the addressee.

- 25.6. Attorneys' Fees. In any action relating to this Agreement, the Prevailing Party shall be entitled to recover reasonable attorneys' fees and other costs incurred therein, in addition to any other appropriate relief, except as otherwise provided or limited by Section 16.1.7 herein. "Prevailing Party" shall include, but not be limited to, a party who dismisses an action for recovery under this Agreement in exchange for payment of the sums allegedly due, performance of covenants allegedly breached, or consideration substantially equal to the relief sought in the action.
- 25.7. Captions. The section headings and captions of this Agreement are for convenience and reference only and in no way define, limit or describe the scope or intent of this Agreement nor substantively affect it in any way.
- 25.8. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the respective Parties hereto, their parent, subsidiaries, respective successors-in-interest, legal representatives, heirs and assigns.
- 25.9. Further Assurances. Each Party hereto agrees to take, or cause to be taken, all such further or other actions as shall reasonably be necessary to make effective, to consummate and to perform the undertakings and obligations contemplated by this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be executed by their duly authorized representatives.

INDIANA MICHIGAN POWER COMPANY

The CITY OF FORT WAYNE, INDIANA

By: Paul Chodak III

By: Thomas C. Henry

Printed: Paul Chodak III

Printed: THOMAS C. HENRY

Its: PRESIDENT + CHIEF OPERATING OFFICER

Its: MAYOR

Address: ONE SUMMIT SQUARE

Address: 1 MAIN STREET

FORT WAYNE, IN 46801

FORT WAYNE, IN 46802

OCTOBER 28, 2010

OCTOBER 28, 2010

EXHIBIT A

ASSET AND REAL ESTATE PURCHASE AGREEMENT

See following pages

ASSET AND REAL ESTATE PURCHASE AGREEMENT

This Asset and Real Estate Purchase Agreement (“APA”) is made and entered into effective as of March 1, 2010 (“Effective Date”), by and between Indiana Michigan Power Company, an Indiana corporation (“Buyer”) and the City of Fort Wayne, Indiana, a city within the State of Indiana (“Seller”). Buyer and Seller each shall be referred to individually herein as “Party” or collectively as “Parties.”

Recitals

A. Seller owns certain assets and real estate that is located in the City of Fort Wayne and used by Buyer in connection with the provision of electric services.

B. Buyer desires to purchase the “Acquired Assets” and Seller desires to sell the “Acquired Assets” on the terms and subject to the conditions set forth in this APA.

Agreement:

In consideration of the mutual promises set forth herein and the representations, warranties, and covenants herein contained, the Parties agree as follows.

1. Definitions.

“Acquired Assets” means all of Seller’s right, title, and interest in and to the items listed on Exhibit “1” and the real estate identified on Exhibit “2” (the “Real Estate”). The Acquired Assets consist of equipment, machinery, inventory, and real estate.

“Agreement” means the Agreement between Indiana Michigan Power Company and the City of Fort Wayne, which was effective as of March 1, 2010 and to which this APA is attached as an Exhibit.

“Buyer’s Title Policy” means a policy of title insurance, if any, issued by the Title Company insuring Buyer’s interest in the Real Estate.

“Knowledge” shall mean either actual knowledge of any official of Seller or officer of Buyer, or knowledge that should have been obtained by such individuals in the course of conducting a reasonably comprehensive investigation into the matter.

“Law” shall mean any local, county, state, federal, foreign or other law, statute, regulation, ordinance, rule, order, or governmental requirement enacted, promulgated, entered into, agreed or imposed by any governmental entity.

“Owner’s Title Policy” means a policy of title insurance issued by the Title Company insuring the Buyer’s interest in the Real Estate.

“Title Company” means Fidelity National Title Insurance Company, unless another company is mutually agreed upon by the Parties.

All capitalized terms not defined in this APA shall have the meaning given to them in the Agreement between Seller and Buyer to which this APA is an Exhibit.

2. Purchase and Sale of Assets. On and subject to the terms and conditions of this APA, Buyer agrees to purchase from Seller, and Seller agrees to sell, transfer, convey, and deliver to Buyer, all the Acquired Assets at the Closing for the consideration specified herein.

3. Purchase Price and Payment of Purchase Price. Buyer agrees to pay the Purchase Price to Seller in cash or other readily available funds as set forth in Sections 2, 3 and 4 of the Agreement. Seller agrees that title to the Acquired Assets will pass to Buyer on the Closing Date despite the fact that not all of the Purchase Price will be fully paid at Closing.

4. Non-Assumption of Liabilities. Except as otherwise set forth in the Agreement, Buyer shall not assume or become responsible for any liability of Seller whenever incurred and irrespective of the nature of such liability. Without limiting the generality of the foregoing, Buyer shall not assume any of the following obligations nor shall any of the following become a liability of Buyer for any purpose:

a. foreign, federal, state, county, or local taxes, if any, including without limitation, excise taxes, personal property taxes or documentary transfer taxes, which arise from due to any action of Seller on or prior to the Closing Date or that are charged or assessed against Seller as a result of the consummation of the transaction contemplated by this APA

b. any obligations or liabilities arising out of, relating to, or in connection with any action, suit, proceeding, or investigation pending or threatened against Seller or any of its officers, directors, employees, or agents as of the Closing Date;

c. any payments, costs or expenses (including fees and disbursements of counsel, accountants, experts and other financial, legal, accounting or other advisors) arising out of or incurred by Seller incident to the negotiation, preparation, execution and delivery of this APA and its performance and compliance with the agreements and conditions contained herein and therein;

d. any liabilities or obligations of Seller related to the violation of any Laws (including those pertaining to electrical, building, zoning, environmental and occupational safety and health requirements).

5. Closing. Closing of the transaction contemplated by this APA (“Closing”) shall occur by the automatic release of this Agreement from escrow on the third day after the Effective Date of the Final Order (the “Closing Date”).

6. Deliveries By Seller at Closing. At or before the Closing, Seller shall execute and/or deliver to Buyer the following:

- a. A bill of sale the form attached hereto as Exhibit “3”.
- b. A special warranty deed in the form attached hereto as Exhibit “4”.
- c. An assignment and assumption agreement assigning all of Seller’s right title and interest in and to all licenses, easements and the like concerning the retail supply of electricity, including, but not limited to, third party utility easements.
- d. An Owner’s Title Policy with an effective date as of the Closing Date.
- e. Such other documents of transfer and assignment reasonably requested by Buyer to transfer title to the Acquired Assets to Buyer, effective as of the Closing Date.

7. Closing Costs.

- a. Seller shall pay the cost of the Owner’s Title Policy up to and not to exceed Five Thousand and 00/100 Dollars (\$5,000.000).
- b. Buyer shall pay (i) all recording costs related to the conveyance of the Real Estate from Seller, releasing present encumbrances on the Real Estate, (ii) any cost of the Owner’s Title Policy that exceeds Five Thousand and 00/100 Dollars (\$5,000.000); (iii) the cost of a survey of the Real Estate, if any, (iv) the cost of a Phase I environmental assessment, if any (v) the cost of the Buyer’s Title Policy, if any, and (vi) the closing fee charged by the Title Company.

8. Transfer of Possession. Seller shall effectively convey title to, and Buyer shall take effective possession of, the Acquired Assets on the Closing Date. From and after the Closing, the risk of loss with respect to the Acquired Assets shall be borne solely by Buyer.

9. Representations and Warranties of Buyer. Buyer represents and warrants to Seller that the statements made by it and contained in this Section are correct and complete as of the Effective Date and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the Effective Date throughout this Section).

a. Authorization of Transaction. Buyer has full power and authority to execute and deliver this APA and to perform its obligations hereunder. This APA

constitutes the valid and legally binding obligation, enforceable in accordance with its terms and conditions.

b. Noncontravention. Neither the execution and delivery of this APA, nor the consummation of the transaction contemplated hereby will, to the Knowledge of Buyer, (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Buyer is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Buyer is a party or by which it is bound or to which any of its assets is subject.

c. No Environmental Claims. Buyer has no Knowledge of any violations of any Hazardous Materials Laws or Wetlands Laws that have occurred on the Property prior to the Closing Date.

d. Condition of Acquired Assets. Buyer has had the opportunity to inspect the Acquired Assets and, except for any representations and warranties contained herein, in a bill of sale, or in the special warranty deed, accepts the conveyance of the Acquired Assets in their AS IS, WHERE IS CONDITION WITH ALL FAULTS as of the Closing Date.

10. Representations and Warranties of Seller. Seller represents and warrants to Buyer that the statements made by it and contained in this Section are correct and complete as of the Effective Date and will be correct and complete as of the Closing Date (as though made then and as though the Closing Date were substituted for the Effective Date throughout this Section).

a. Authorization of Transaction. After the Effective Date of the Final Order, Seller has full power and authority from the Common Council to execute and deliver this APA and to perform its obligations hereunder. This APA constitutes the valid and legally binding obligation, enforceable in accordance with its terms and conditions.

b. Noncontravention. After the Effective Date of the Final Order, neither the execution and delivery of this APA, nor the consummation of the transaction contemplated hereby will, to the Knowledge of Seller, (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Seller is subject, or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Seller is a party or by which it is bound or to which any of its assets is subject.

c. Title to Assets. Seller has good and marketable title to the Acquired Assets, free and clear of all liens, claims and encumbrances, excluding any liens set forth on Schedule 10(c).

d. Compliance with Applicable Law. There are no existing violations of or non-conformities with, and to Seller's Knowledge, Seller is not under investigation with respect to and has not been charged with any alleged existing violations of or non-conformities with, any Law relating to the Acquired Assets and/or the use thereof, or of any material restriction, condition, covenant or agreement concerning the Acquired Assets (such violations and non-conformities herein referred to as "Violations" and "Non-Conformities," respectively). Further, Seller has not received notice of a Violation or Non-Conformity. Seller further warrants that to the extent any Acquired Assets are affixed to, or used upon, any real estate, such affixation and use shall comply with all applicable zoning or other use requirements or ordinances.

e. No Litigation or Claims. Seller is not subject to and has no Knowledge of any threatened actions, suits, proceedings or claims affecting the Acquired Assets. With respect to the Acquired Assets, Seller has not been charged with, or, to Seller's Knowledge, is not being investigated with respect to any Law, and no judgment, order, writ, injunction, decree (including, without limitation, a consent decree) or other similar command of any court or federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality which is presently in effect has been entered against or served upon Seller or affects materially and adversely the Acquired Assets.

f. No Environmental Claims. Seller has no Knowledge of any violations of any Hazardous Materials Laws or Wetlands Laws that have occurred on the Property prior to the Closing Date.

EXCEPT AS OTHERWISE HEREIN EXPRESSLY PROVIDED, SELLER MAKES NO WARRANTIES OR REPRESENTATIONS WHATSOEVER TO BUYER IN CONNECTION WITH ANY OF THE ACQUIRED ASSETS, AND, EXCEPT AS OTHERWISE HEREIN EXPRESSLY PROVIDED, ALL SUCH WARRANTIES AND REPRESENTATIONS, INCLUDING, WITHOUT LIMITATION, ALL WARRANTIES OF FITNESS AND MERCHANTABILITY, ARE HEREBY DISCLAIMED BY SELLER AND WAIVED BY BUYER.

11. Reasonable Efforts. Subject to the terms and conditions herein provided, the Parties agree to take, or cause to be taken, all actions and to do, or cause to be done, all things, necessary, proper or advisable to consummate and make effective as promptly as practicable the transactions contemplated by this APA.

12. Additional Covenants

a. Taxes. Buyer shall be responsible for all transfer taxes, if any, resulting from the conveyance of the Acquired Assets to Buyer.

b. Rights of Third Parties. Nothing contained in this APA, express or implied, is intended to confer on any persons other than the Parties or their respective

successors and assigns, any rights, remedies, obligations or liabilities under or by reason of this APA.

c. Survival of Representations and Warranties. Neither Party may, after the expiration of three (3) years following the Closing Date, assert a claim against the other Party based on an alleged breach by such other Party of its representations or warranties that are contained in this APA, except that the representations and warranties contained in Section 9(a) and Section 10(a) shall survive indefinitely and the representations and warranties contained in Section 9(d) and Section 10(f) shall survive until the expiration of any and all applicable statutes of limitation periods.

d. Brokers. Each Party represents and warrants to the other that it has not engaged the services of any broker or finder in connection with this transaction, agrees to indemnify and hold the other Party harmless from and against any claim for commissions, finder's fees or any similar payment in connection with this APA or the transactions contemplated hereby based upon the conduct of the indemnifying Party in retaining the services of a broker or finder.

13. Indemnification

a. By Seller. Subject to Section 12(c) and excluding Challenges under Section 19 of the Agreement, Seller agrees to indemnify Buyer and to defend and hold Buyer harmless from and after the Closing Date against and in respect to any and all: (i) liabilities and obligations of Seller which existed prior to the Closing Date, or resulted from actions of Seller prior to the Closing Date or are based on events, acts, or omissions which occurred prior to the Closing Date; (ii) liabilities and obligations of Seller which result from Seller's use of the Acquired Assets (other than as lessor of the Acquired Assets) prior to the Closing Date; (iii) damages, losses, liabilities, taxes, and deficiencies, including penalties and interest thereon, and costs and expenses resulting from, any misrepresentation, breach of warranty or covenant or non-fulfillment of any obligation on the part of Seller under this APA or from any misrepresentation in or omission from any instrument furnished to Buyer as a closing deliverable pursuant to this APA; (iv) claims or litigation now pending or threatened against Seller; (v) claims or litigation which may hereafter be brought against Buyer based on events, acts, or omissions of Seller unrelated to any transactions contemplated by this APA or the Agreement and occurring prior to the Closing Date; (vi) litigation, actions, suits, proceedings, claims, demands, assessments, judgments, costs, losses, liabilities, and legal and other expenses and costs incident to any of the foregoing; and (vii) City Environmental Claims.

b. By Buyer. Subject to Section 12(c) and excluding Challenges under Section 19 of the Agreement, Buyer hereby agrees to indemnify Seller and to defend and hold Seller harmless from and after the Closing Date against and in respect to any and all: (i) liabilities and obligations of Buyer which arise after the Closing Date, or result from the use of the Acquired Assets after the Closing Date or are based on events, acts, or omissions which occurred after the Closing Date; (ii) liabilities and obligations of

Buyer which result from Buyer's use of the Acquired Assets prior to the Closing Date; (iii) damages, losses, liabilities, taxes and deficiencies, including penalties and interest thereon, and costs and expenses resulting from any misrepresentation, breach of warranty or covenant or non-fulfillment of any obligation on the part of Buyer under this APA, or from any misrepresentation in or omission from any instrument furnished to Seller; (iv) litigation, actions, suits, proceedings, claims, demands, assessments, judgments, costs, losses, liabilities, and legal and other expenses and costs incident to any of the foregoing; and (v) I&M Environmental Claims.

c. Notification. The Party seeking indemnification pursuant to this Section 13 ("Indemnitee") shall promptly notify the Party from whom indemnification is sought ("Indemnitor") of any third party claim covered by the indemnification provided for in this Section 13, and the Indemnitor shall have the right, by written notice given within thirty (30) business days after notice thereof from Indemnitee, at the cost and expense of Indemnitor, to defend any claim, and to control any settlement negotiations with respect to any such claim. Indemnitor shall not, in the defense or settlement of any such claim, consent to any injunction or other equitable relief without the prior written consent of Indemnitee or consent to any judgment or settlement which does not include as an unconditional term thereof the giving by the claimant to Indemnitee of a release from all liabilities in respect of such claims. If Indemnitor shall fail so to notify Indemnitee or assume such defense or control, Indemnitee may, in its sole discretion, defend, settle or compromise such third party claim and Indemnitor shall, upon demand by Indemnitee, cause to be paid to Indemnitee all amounts to which Indemnitee is entitled to indemnification hereunder.

14. Risk of Loss and Insurance. The risks of ownership and loss of the Real Estate shall pass to Buyer upon the Closing Date. Seller and Buyer shall maintain all property/casualty insurance on the Real Estate as required under the Lease through the Closing Date and Buyer shall provide insurance for the Real Estate thereafter.

15. Miscellaneous.

a. Expenses. Except as otherwise expressly provided herein to the contrary, all fees and expenses incurred by Seller in connection with the transactions contemplated by this APA shall be borne by Seller, and all fees and expenses incurred by Buyer in connection with the transactions contemplated by this APA shall be borne by Buyer, whether or not such transactions are consummated.

b. Assurances. Each of the Parties hereto agrees that it will, from time to time hereafter, execute and deliver such other documents and instruments and take such other action as may be reasonably requested by the other Party to carry out and consummate the actions and transaction contemplated by this APA.

c. Waiver and Amendment. Any provision of this APA may be waived at any time by the Party which is entitled to the benefits thereof, and this APA may be amended or supplemented at any time. However, no such waiver shall be

effective unless it is in writing and signed by the Party so waiving, and no such amendment or supplement shall be effective unless it is in writing and signed by both Seller and Buyer.

d. Entire Agreement. Except for the Agreement, this APA constitutes the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings, both written and oral, with respect to the subject matter hereof. In the event of any conflict between this APA and the Agreement, the Agreement shall control.

e. Governing Law. This APA shall be governed by and construed in accordance with the laws of the State of Indiana without application of any principles of conflict of laws that would otherwise provide for application of the law of a state other than Indiana. The provisions of the APA shall be enforceable by each of the Parties before a court of law located in Allen County, Indiana.

f. Notices. All notices and other communications hereunder shall be in writing and shall be delivered personally or transmitted to the Parties at the following addresses (or such other addresses for a Party as may be specified by notice given hereunder):

If to Seller: City of Fort Wayne, Indiana.
 Attn: The City Attorney
 One Main Street, Room 910
 Fort Wayne, IN 46802

 FAX 260-427-5678

If to Buyer: Indiana Michigan Power Company
 President and COO
 Attn: Paul Chodak
 PO Box 60
 One Summit Square
 Fort Wayne, IN 46801

All properly addressed notices shall be deemed to have been given (i) three (3) business days after transmission via United States Mail, certified or registered, postage prepaid; (ii) the date transmitted via facsimile with a copy transmitted via United States Mail, postage prepaid, or (iii) one (1) business day after transmission via a nationally recognized courier with overnight delivery requested.

g. Headings. The headings contained in this APA are for reference purposes only and shall not affect in any way the meaning or interpretation of this APA.

h. Counterparts. This APA may be executed in one or more counterparts which may be transmitted via facsimile or otherwise, all of which

counterparts shall be considered one in the same agreement, and shall be effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party, being understood that both Parties need not sign the counterpart.

i. Severability. Each covenant and term contained in this APA is separate and distinct from every other covenant and term. In the event of the invalidity of any one covenant or term, the remaining covenants and terms shall be deemed independent and remain in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this executed this APA to be executed by their duly authorized representatives to be effective as of the Closing Date.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

INDIANA MICHIGAN POWER COMPANY

By: 

Printed: Paul Chodak


Its: PRESIDENT + CHIEF OPERATING OFFICER

Address: ONE SUMMIT SQUARE

FORT WAYNE, IN 46801

OCTOBER 28, 2010

The CITY OF FORT WAYNE, INDIANA

By: 

Printed: THOMAS C. HENRY

Its: MAYOR

Address: 2 MAIN STREET

FORT WAYNE, IN 46802

OCTOBER 28, 2010

Exhibit “1”
Acquired Assets

See following pages

The Following Substations and Related Structures and Misc. Equipment

Lakeside Station
Dalman Station – Land only
Hobson Station
Lawton Park Station
Three Rivers Station
Up River Dam Station

All of the following Transmission Plant Equipment

Poles
Overhead Conductors & Devices
Underground Conduit, Conductors and Devices

All of the following Distribution Plant Equipment

Poles
Overhead Conductors and Devices
Line Transformers
Services
Meters and Accessories
Area Lighting on Customers' Premises
Street Lighting

All as More Particularly Described in I&M's Books and Records

Exhibit "2"
Real Estate

See following pages

REAL ESTATE*

PARCEL I

THE WEST HALF OF LOTS 17 AND 18 IN PRIZE GARDEN ADDITION TO THE CITY OF FORTWAYNE, ALLEN COUNTY, INDIANA.

PARCEL II

PART OF THE NORTHWEST FRACTIONAL QUARTER OF SECTION 6 TOWNSHIP 30 NORTH, RANGE 13 EAST, ALLEN COUNTY, INDIANA BY METES AND BOUNDS DESCRIBED AS FOLLOWS, TO WIT: TO ARRIVE AT THE POINT OF BEGINNING, COMMENCE AT THE NORTH QUARTER CORNER OF SAID SECTION; THENCE SOUTH (ASSUMED BEARING) ON THE EAST LINE OF SAID QUARTER SECTION, A DISTANCE OF 696.0 FEET TO THE AFOREMENTIONED POINT OF BEGINNING; THENCE NORTH 89 DEGREES 06 MINUTES WEST, A DISTANCE OF 649.5 FEET TO THE EAST LINE OF 18.0 ACRES DEEDED TO FORT WAYNE COMMUNITY SCHOOLS; THENCE SOUTH 0 DEGREES 50 MINUTES WEST ON THE LINE AFORESAID, A DISTANCE OF 768.0 FEET TO THE SOUTHEAST CORNER OF SAID 18.0 ACRES; THENCE NORTH 89 DEGREES 06 MINUTES WEST ON THE SOUTH LINE AT SAID 18.0 ACRES, A DISTANCE OF 542.72 FEET TO THE SOUTHWEST CORNER OF SAID 18.0 ACRES; THENCE SOUTH 0 DEGREES 50 MINUTES WEST ON A LINE PARALLEL TO AND 85.5 FEET NORMALLY DISTANT EAST OF THE EAST LINE OF SOUTH KENSINGTON PARK ADDITION AS RECORDED IN PLAT BOOK 9, PAGES 54-55, IN THE OFFICE OF THE RECORDER OF SAID COUNTY, A DISTANCE OF 1123.5 FEET, MORE OR LESS, TO LOW WATER MARK OF THE LEFT BANK OF THE MAUMEE RIVER; THENCE EASTWARD ON AND ALONG THE SAID LOW WATER MARK WITH THE MEANDERINGS THEREOF TO THE EAST LINE OF SAID FRACTIONAL QUARTER SECTION; THENCE NORTH ON THE LINE AFORESAID, A DISTANCE OF 1675 FEET TO THE POINT OF BEGINNING; CONTAINING 38.21 ACRES.

PARCEL III

AN IRREGULAR TRACT OF LAND SOUTHWESTERLY OF INTERSTATE 930 EAST AND NORTH ANTHONY BOULEVARD LOCATED IN THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 31 NORTH RANGE 13 EAST CONTAINING 4.45 ACRES.

PARCEL IV

PARTS OF THE NORTHEAST AND SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 31 NORTH, RANGE 12 EAST OF THE SECOND PRINCIPAL MERIDIAN, WASHINGTON TOWNSHIP AND PARTS OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 31 NORTH, RANGE 13 EAST OF THE SECOND PRINCIPAL MERIDIAN, ST. JOSEPH TOWNSHIP, ALL IN ALLEN COUNTY, INDIANA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT A 1/2" PIPE AT THE EAST QUARTER CORNER OF SAID SECTION 25; THENCE NORTH 02 DEGREES 55 MINUTES 38

SECONDS WEST, (ASSUMED BEARING AND BASIS OF BEARINGS TO FOLLOW), A DISTANCE OF 159.87 FEET (160.00 FEET DEED) ALONG THE NORTHERLY EXTENSION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 25 AND ALONG THE OLD CENTERLINE OF NORTH ANTHONY BOULEVARD TO THE EXISTING WESTERLY RIGHT-OF- WAY LINE OF SAID NORTH ANTHONY BOULEVARD, ALSO BEING THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT; THENCE NORTH 31 DEGREES 52 MINUTES 38 SECONDS EAST, A DISTANCE OF 386.71 FEET ALONG SAID RIGHT OF WAY LINE TO A POINT, SAID POINT BEING 56.00 FEET DISTANT FROM THE CENTERLINE OF SAID NORTH ANTHONY BOULEVARD; THENCE SOUTH 16 DEGREES 59 MINUTES 24 SECONDS WEST, A DISTANCE OF 589.11 FEET PARALLEL WITH THE CENTERLINE OF SAID NORTH ANTHONY BOULEVARD; THENCE NORTH 82 DEGREES 19 MINUTES 10 SECONDS WEST, A DISTANCE OF 78.19 FEET TO THE WEST RIGHT-OF-WAY LINE OF SAID NORTH ANTHONY BOULEVARD; THENCE NORTH 02 DEGREES 55 MINUTES 38 SECONDS WEST, A DISTANCE OF 175.20 FEET; THENCE NORTH 57 DEGREES 52 MINUTES 37 SECONDS EAST, A DISTANCE OF 57.28 FEET TO THE POINT OF BEGINNING. CONTAINING 0.937 ACRES, MORE OR LESS.

PARCEL V

LOTS 1 THROUGH 134 IN CITY PARK ADDITION AS RECORDED IN DEED RECORD 66 PAGE 570 IN THE OFFICE OF THE RECORDER OF ALLEN COUNTY, INDIANA. ALSO A PART OF LOTS 2, 5, 6, AND 8 WELLS RESERVE LAWTON PARK CONTAINING 33 ACRES.

PARCEL VI

THE WEST 15 FEET AND THE EAST 35 FEET OF LOT NUMBERED 27 AND LOTS NUMBERED 28, 94 THROUGH 116 AND LOTS A-B, IN BALTES AND ROMY'S ADDITION AMENDED TO THE CITY OF FORT WAYNE ACCORDING TO PLAT THEREOF RECORDED IN PLAT RECORD 1 PAGE 26 AND AMENDED IN PLAT RECORD 1 PAGE 38.

*All real estate subject to change and revision based upon surveys and discussions between the parties.

** Grantor makes no representations or warranties with respect to the accuracy of the Real Estate legal description attached as Exhibit A, which legal description has been provided by Grantee.

Exhibit “3”
Bill of Sale

See following pages

BILL OF SALE

The **City of Fort Wayne, Indiana**, a city within the State of Indiana (“**Seller**”), hereby bargains, sells, assigns, conveys and transfers to **Indiana Michigan Power Company**, an Indiana corporation (“**Buyer**”) all of Seller’s right, title, and interest in and to certain electric utility equipment owned by Seller located in Fort Wayne, Allen County, Indiana. The electric utility equipment being transferred is more particularly described on Exhibit A attached hereto and incorporated herein by this reference (collectively, the “**Equipment**”), and is being transferred in accordance with and subject to the terms and conditions of a certain Agreement and a certain Asset and Real Estate Purchase Agreement executed of even date herewith (collectively, the “**Agreements**”).

To Seller’s actual knowledge (without investigation), the Equipment is free of liens and encumbrances other than: (i) those referenced on Exhibit B attached to the Special Limited Warranty Deed of even date, and (ii) those which might otherwise arise by operation of law.

This Bill of Sale is made, executed, and delivered pursuant to the Agreements, in full and complete satisfaction of Seller’s obligation to transfer the Equipment.

SELLER DISCLAIMS ANY WARRANTY OF MERCHANTABILITY WITH RESPECT TO THE EQUIPMENT. SELLER DISCLAIMS ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE WHATSOEVER WITH RESPECT TO THE EQUIPMENT. SELLER IS SELLING THE EQUIPMENT ON AN “AS IS” AND “WHERE IS” BASIS, AND DISCLAIMS ANY IMPLIED WARRANTIES WITH RESPECT TO THE EQUIPMENT.

IN WITNESS WHEREOF, the undersigned duly authorized representatives of Seller and Buyer have caused this instrument to be executed on this ____ day of _____, 2010.

The City of Fort Wayne, Indiana

By: _____

Printed Name: _____

Title: _____

Exhibit A

The Following Substations and Related Structures and Misc. Equipment

Lakeside Station
Dalman Station – Land only
Hobson Station
Lawton Park Station
Three Rivers Station
Up River Dam Station

All of the following Transmission Plant Equipment

Poles
Overhead Conductors & Devices
Underground Conduit, Conductors and Devices

All of the following Distribution Plant Equipment

Poles
Overhead Conductors and Devices
Line Transformers
Services
Meters and Accessories
Area Lighting on Customers' Premises
Street Lighting

All as More Particularly Described in I&M's Books and Records

Exhibit "4"
Special Warranty Deed

See following pages

SPECIAL LIMITED WARRANTY DEED
(Allen County)

THIS INDENTURE WITNESSETH, that the **City of Fort Wayne, Indiana**, a city within the State of Indiana (“Grantor”), CONVEYS AND SPECIALLY WARRANTS to **Indiana Michigan Power Company**, an Indiana corporation (“Grantee”), for the sum of Ten Dollars (\$10.00) and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, certain real estate located in Allen County, Indiana, as more specifically described on Exhibit A attached hereto and incorporated herein (the “Real Estate”), subject to (i) all easements, covenants, conditions, encumbrances, liens and restrictions of record; (ii) non-delinquent real estate taxes due and payable in November, 2010, and all subsequent real estate taxes; (iii) all applicable zoning, land use and other rules, regulations and ordinances; (iv) any set of facts which would be disclosed by an accurate survey or inspection; and (v) the matters set forth on Exhibit B attached hereto and incorporated herein.

Grantor makes no representations or warranties with respect to the accuracy of the Real Estate legal description attached as Exhibit A, which legal description has been provided by Grantee.

The warranty of title by Grantor is limited to a warranty against the acts of Grantor and those claiming by, through or under Grantor, and not otherwise.

To Grantor’s actual knowledge (without investigation), the Real Estate is free of liens and encumbrances other than: (i) those referenced on Exhibit B attached hereto, and (ii) those which might otherwise arise by operation of law.

THE REAL ESTATE SHALL BE CONVEYED IN ITS AS IS, WHERE IS CONDITION WITH ALL FAULTS AS OF THE DATE OF CONVEYANCE.

The undersigned person executing this Special Limited Warranty Deed on behalf of Grantor is duly authorized to do so, and Grantor has full right and authority to convey the real estate described herein.

IN WITNESS WHEREOF, the undersigned executes this Special Limited Warranty Deed on behalf of Grantor this ____ day of _____, 2010.

The City of Fort Wayne, Indiana

By: _____
Printed Name: _____
Title: _____

STATE OF _____)
) SS:
COUNTY OF _____)

Before me, a Notary Public in and for said County and State, personally appeared _____, the _____ of the City of Fort Wayne, who, being first duly sworn, acknowledged execution of the above and foregoing "Special Limited Warranty Deed" for and on behalf of said city within the state of Indiana.

WITNESS my hand and Notarial Seal this _____ day of _____, 2010.

Notary Public

Printed

My Commission Expires:

My County of Residence:

After recording return to:

Send tax statements to:

This instrument was prepared by Kristin Dutton, Attorney at Law, Bingham McHale LLP, 2700 Market Tower, 10 W. Market Street, Indianapolis, IN 46204-4900 (Ph: (317) 635-8900).

I hereby certify under the penalties for perjury that I have exercised reasonable care to redact all social security numbers from this document unless required by law.

Kristin Dutton

EXHIBIT A
REAL ESTATE*

PARCEL I

THE WEST HALF OF LOTS 17 AND 18 IN PRIZE GARDEN ADDITION TO THE CITY OF FORTWAYNE, ALLEN COUNTY, INDIANA.

PARCEL II

PART OF THE NORTHWEST FRACTIONAL QUARTER OF SECTION 6 TOWNSHIP 30 NORTH ,RANGE 13 EAST, ALLEN COUNTY, INDIANA BY METES AND BOUNDS DESCRIBED AS FOLLOWS, TO WIT: TO ARRIVE AT THE POINT OF BEGINNING, COMMENCE AT THE NORTH QUARTER CORNER OF SAID SECTION; THENCE SOUTH (ASSUMED BEARING) ON THE EAST LINE OF SAID QUARTER SECTION, A DISTANCE OF 696.0 FEET TO THE AFOREMENTIONED POINT OF BEGINNING; THENCE NORTH 89 DEGREES 06 MINUTES WEST, A DISTANCE OF 649.5 FEET TO THE EAST LINE OF 18.0 ACRES DEEDED TO FORT WAYNE COMMUNITY SCHOOLS; THENCE SOUTH 0 DEGREES 50 MINUTES WEST ON THE LINE AFORESAID, A DISTANCE OF 768.0 FEET TO THE SOUTHEAST CORNER OF SAID 18.0 ACRES; THENCE NORTH 89 DEGREES 06 MINUTES WEST ON THE SOUTH LINE AT SAID 18.0 ACRES, A DISTANCE OF 542.72 FEET TO THE SOUTHWEST CORNER OF SAID 18.0 ACRES; THENCE SOUTH 0 DEGREES 50 MINUTES WEST ON A LINE PARALLEL TO AND 85.5 FEET NORMALLY DISTANT EAST OF THE EAST LINE OF SOUTH KENSINGTON PARK ADDITION AS RECORDED IN PLAT BOOK 9, PAGES 54-55, IN THE OFFICE OF THE RECORDER OF SAID COUNTY, A DISTANCE OF 1123.5 FEET, MORE OR LESS, TO LOW WATER MARK OF THE LEFT BANK OF THE MAUMEE RIVER; THENCE EASTWARD ON AND ALONG THE SAID LOW WATER MARK WITH THE MEANDERINGS THEREOF TO THE EAST LINE OF SAID FRACTIONAL QUARTER SECTION; THENCE NORTH ON THE LINE AFORESAID, A DISTANCE OF 1675 FEET TO THE POINT OF BEGINNING; CONTAINING 38.21 ACRES.

PARCEL III

AN IRREGULAR TRACT OF LAND SOUTHWESTERLY OF INTERSTATE 930 EAST AND NORTH ANTHONY BOULEVARD LOCATED IN THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 31 NORTH RANGE 13 EAST CONTAINING 4.45 ACRES.

PARCEL IV

PARTS OF THE NORTHEAST AND SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 31 NORTH, RANGE 12 EAST OF THE SECOND PRINCIPAL MERIDIAN, WASHINGTON TOWNSHIP AND PARTS OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 31 NORTH, RANGE 13 EAST OF THE SECOND PRINCIPAL MERIDIAN, ST. JOSEPH TOWNSHIP, ALL IN ALLEN COUNTY, INDIANA, MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT A 1/2" PIPE AT THE EAST QUARTER

CORNER OF SAID SECTION 25; THENCE NORTH 02 DEGREES 55 MINUTES 38 SECONDS WEST, (ASSUMED BEARING AND BASIS OF BEARINGS TO FOLLOW), A DISTANCE OF 159.87 FEET (160.00 FEET DEED) ALONG THE NORTHERLY EXTENSION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 25 AND ALONG THE OLD CENTERLINE OF NORTH ANTHONY BOULEVARD TO THE EXISTING WESTERLY RIGHT-OF-WAY LINE OF SAID NORTH ANTHONY BOULEVARD, ALSO BEING THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT; THENCE NORTH 31 DEGREES 52 MINUTES 38 SECONDS EAST, A DISTANCE OF 386.71 FEET ALONG SAID RIGHT OF WAY LINE TO A POINT, SAID POINT BEING 56.00 FEET DISTANT FROM THE CENTERLINE OF SAID NORTH ANTHONY BOULEVARD; THENCE SOUTH 16 DEGREES 59 MINUTES 24 SECONDS WEST, A DISTANCE OF 589.11 FEET PARALLEL WITH THE CENTERLINE OF SAID NORTH ANTHONY BOULEVARD; THENCE NORTH 82 DEGREES 19 MINUTES 10 SECONDS WEST, A DISTANCE OF 78.19 FEET TO THE WEST RIGHT-OF-WAY LINE OF SAID NORTH ANTHONY BOULEVARD; THENCE NORTH 02 DEGREES 55 MINUTES 38 SECONDS WEST, A DISTANCE OF 175.20 FEET; THENCE NORTH 57 DEGREES 52 MINUTES 37 SECONDS EAST, A DISTANCE OF 57.28 FEET TO THE POINT OF BEGINNING. CONTAINING 0.937 ACRES, MORE OR LESS.

PARCEL V

LOTS 1 THROUGH 134 IN CITY PARK ADDITION AS RECORDED IN DEED RECORD 66 PAGE 570 IN THE OFFICE OF THE RECORDER OF ALLEN COUNTY, INDIANA. ALSO A PART OF LOTS 2, 5, 6, AND 8 WELLS RESERVE LAWTON PARK CONTAINING 33 ACRES.

PARCEL VI

THE WEST 15 FEET AND THE EAST 35 FEET OF LOT NUMBERED 27 AND LOTS NUMBERED 28, 94 THROUGH 116 AND LOTS A-B, IN BALTES AND ROMY'S ADDITION AMENDED TO THE CITY OF FORT WAYNE ACCORDING TO PLAT THEREOF RECORDED IN PLAT RECORD 1 PAGE 26 AND AMENDED IN PLAT RECORD 1 PAGE 38.

*All real estate subject to change and revision based upon surveys and discussions between the parties.

** Grantor makes no representations or warranties with respect to the accuracy of the Real Estate legal description, which legal description has been provided by Grantee.

EXHIBIT B
EXCEPTIONS

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for the value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Rights or claims of parties in possession, boundary line disputes, overlaps, encroachments, and any other matters not shown by the public records which would be disclosed by an accurate survey and inspection of the land described in Schedule A.
3. Easements, or claims of easements, not shown by the public records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the title that would be disclosed by an accurate and complete land survey of the land. The term “encroachment” includes encroachments of existing improvements located on the land onto adjoining land, and encroachments onto the land of existing improvements located on adjoining land.
15. Rights of the public and others entitled thereto in and to the use of that portion of the property within the bounds of any road or highways.
16. Possible assessment for periodic ditch maintenance which may be a lien but is not assessed as of the date of this commitment.
18. Easement over the North 20 feet of Lot 18 for ingress and egress recorded May 21, 1970 as Instrument Number 70-7799. (Parcel I)
19. Hold Harmless Agreement by and between The Trustees of Purdue University, for and on behalf of Indiana University-Purdue University Fort Wayne (IPFW) and the City of Fort Wayne recorded November 14, 2007 as Instrument Number 2007063053. (Parcels III and IV)
20. Grant of Permanent Easement to The Trustees of Purdue University for and on behalf of Indiana University-Purdue University Fort Wayne recorded November 14, 2007 as Instrument Number 2007063054. (Parcels III and IV)
21. St. Joseph Interconnect Interceptor Resolution 310-1980 Phase I, II, III and IV. (Parcel II)
23. Rights of upper, lower, and/or abutting riparian owners, the State of Indiana, the County, and/or the public in and to the water of St. Josephs River, and to the uninterrupted natural flow thereof free of pollution from the insured premises and subject to the possibilities of accretion or avulsion which might change boundaries established by said waters.

24. Rights, if any, of the property owners abutting the insured premises in and to the waters of the adjoining lake and in and to the bed thereof, also boating and fishing rights of property owners abutting the lake or stream of water leading thereto and therefrom.

25. Rights of others thereto and entitled in and to the continued uninterrupted flow of the stream/river passing through the insured premises.

26. Excepting any part thereof resulting through change in the course of the shore line of St. Josephs River occasioned by other than natural causes or by natural causes other than accretion.

Schedule 10(c)

None

EXHIBIT B

BETTERMENTS, ENLARGEMENTS, AND EXTENSIONS

See following pages

| asset_location | utility_account |
|---------------------------------------------------------------------------------|-------------------------------------|
| Lakeside FWCPL 34.5KV Switching Structure : I&M : 5801 | 35200 - Structures and Improvements |
| Lakeside FWCPL 34.5KV Switching Structure : I&M : 5801 | 35300 - Station Equipment |
| Sub-Transmission Lines- =<99KV Fort Wayne Betterments (City Light) : I&M : 0694 | 35400 - Towers and Fixtures |
| Sub-Transmission Lines- =<99KV Fort Wayne Betterments (City Light) : I&M : 0694 | 35500 - Poles and Fixtures |
| Sub-Transmission Lines- =<99KV Fort Wayne Betterments (City Light) : I&M : 0694 | 35600 - Overhead Conductors, Device |
| Sub-Transmission Lines- =<99KV Fort Wayne Betterments (City Light) : I&M : 0694 | 35700 - Underground Conduit |
| Sub-Transmission Lines- =<99KV Fort Wayne Betterments (City Light) : I&M : 0694 | 35800 - Undergrmd Conductors Device |
| Phenie FWCPL 13.8/4KV Substation : I&M : 9810 | 36000 - Land |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 36010 - Land Rights |
| Bloomingsdale FWCPL 13.8/4KV Substation : I&M : 9802 | 36100 - Structures and Improvements |
| Dalman FWCPL 13.8/4KV Substation : I&M : 9803 | 36100 - Structures and Improvements |
| Lafayette FWCPL 13.8/4KV Substation : I&M : 9807 | 36100 - Structures and Improvements |
| Lawton Park FWCPL 34.5/13.8/4KV Substation : I&M : 9808 | 36100 - Structures and Improvements |
| Phenie FWCPL 13.8/4KV Substation : I&M : 9810 | 36100 - Structures and Improvements |
| Storm Water FWCPL 34.5/4KV Substation : I&M : 9815 | 36100 - Structures and Improvements |
| Three Rivers FWCPL 34.5/13.8/4/2.4KV Substation : I&M : 9811 | 36100 - Structures and Improvements |
| Up River Dam FWCPL 13.8/4/2.4KV Substation : I&M : 9812 | 36100 - Structures and Improvements |
| Water Pollution FWCPL 34.5/4KV Substation : I&M : 9814 | 36100 - Structures and Improvements |
| Bloomingsdale FWCPL 13.8/4KV Substation : I&M : 9802 | 36200 - Station Equipment |
| Dalman FWCPL 13.8/4KV Substation : I&M : 9803 | 36200 - Station Equipment |
| Hobson FWCPL 34.5/4KV Substation : I&M : 9806 | 36200 - Station Equipment |
| Lafayette FWCPL 13.8/4KV Substation : I&M : 9807 | 36200 - Station Equipment |
| Lawton Park FWCPL 34.5/13.8/4KV Substation : I&M : 9808 | 36200 - Station Equipment |
| Phenie FWCPL 13.8/4KV Substation : I&M : 9810 | 36200 - Station Equipment |
| Storm Water FWCPL 34.5/4KV Substation : I&M : 9815 | 36200 - Station Equipment |
| Three Rivers FWCPL 34.5/13.8/4/2.4KV Substation : I&M : 9811 | 36200 - Station Equipment |

| | |
|-------------------------------------------------------------------------------|-------------------------------------|
| Up River Dam FWCPL 13.8/4/2.4KV Substation : I&M : 9812 | 36200 - Station Equipment |
| Water Pollution FWCPL 34.5/4KV Substation : I&M : 9814 | 36200 - Station Equipment |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 36400 - Poles, Towers and Fixtures |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 36600 - Overhead Conductors, Device |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 36600 - Underground Conduit |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 36700 - Undergrnd Conductors,Device |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 36800 - Line Transformers |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 36900 - Services |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 37000 - Meters |
| Storm Water FWCPL 34.5/4KV Substation : I&M : 9815 | 37000 - Meters |
| Up River Dam FWCPL 13.8/4/2.4KV Substation : I&M : 9812 | 37000 - Meters |
| Water Pollution FWCPL 34.5/4KV Substation : I&M : 9814 | 37000 - Meters |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 37100 - Installs Customer Premises |
| Distribution Mass Property - Fort Wayne Betterments (City Light) : I&M : 1004 | 37300 - Street Lghtng & Signal Sys |
| Dalman FWCPL 13.8/4KV Substation : I&M : 9803 | 39700 - Communication Equipment |
| Lawton Park FWCPL 34.5/13.8/4KV Substation : I&M : 9808 | 39700 - Communication Equipment |
| Storm Water FWCPL 34.5/4KV Substation : I&M : 9815 | 39700 - Communication Equipment |
| Water Pollution FWCPL 34.5/4KV Substation : I&M : 9814 | 39700 - Communication Equipment |

EXHIBIT C

PERSONAL PROPERTY

See following pages

The Following Substations and Related Structures and Misc. Equipment

Lakeside Station
Dalman Station – Land only
Hobson Station
Lawton Park Station
Three Rivers Station
Up River Dam Station

All of the following Transmission Plant Equipment

Poles
Overhead Conductors & Devices
Underground Conduit, Conductors, and Devices

All of the following Distribution Plant Equipment

Poles
Overhead Conductors and Devices
Line Transformers
Services
Meters and Accessories
Area Lighting on Customers' Premises
Street Lighting

All as More Particularly Described in I&M's Books and Records

EXHIBIT D

REAL ESTATE*

PARCEL I

THE WEST HALF OF LOTS 17 AND 18 IN PRIZE GARDEN ADDITION TO THE CITY OF FORTWAYNE, ALLEN COUNTY, INDIANA.

PARCEL II

PART OF THE NORTHWEST FRACTIONAL QUARTER OF SECTION 6 TOWNSHIP 30 NORTH, RANGE 13 EAST, ALLEN COUNTY, INDIANA BY METES AND BOUNDS DESCRIBED AS FOLLOWS, TO WIT: TO ARRIVE AT THE POINT OF BEGINNING, COMMENCE AT THE NORTH QUARTER CORNER OF SAID SECTION; THENCE SOUTH (ASSUMED BEARING) ON THE EAST LINE OF SAID QUARTER SECTION, A DISTANCE OF 696.0 FEET TO THE AFOREMENTIONED POINT OF BEGINNING; THENCE NORTH 89 DEGREES 06 MINUTES WEST, A DISTANCE OF 649.5 FEET TO THE EAST LINE OF 18.0 ACRES DEEDED TO FORT WAYNE COMMUNITY SCHOOLS; THENCE SOUTH 0 DEGREES 50 MINUTES WEST ON THE LINE AFORESAID, A DISTANCE OF 768.0 FEET TO THE SOUTHEAST CORNER OF SAID 18.0 ACRES; THENCE NORTH 89 DEGREES 06 MINUTES WEST ON THE SOUTH LINE AT SAID 18.0 ACRES, A DISTANCE OF 542.72 FEET TO THE SOUTHWEST CORNER OF SAID 18.0 ACRES; THENCE SOUTH 0 DEGREES 50 MINUTES WEST ON A LINE PARALLEL TO AND 85.5 FEET NORMALLY DISTANT EAST OF THE EAST LINE OF SOUTH KENSINGTON PARK ADDITION AS RECORDED IN PLAT BOOK 9, PAGES 54-55, IN THE OFFICE OF THE RECORDER OF SAID COUNTY, A DISTANCE OF 1123.5 FEET, MORE OR LESS, TO LOW WATER MARK OF THE LEFT BANK OF THE MAUMEE RIVER; THENCE EASTWARD ON AND ALONG THE SAID LOW WATER MARK WITH THE MEANDERINGS THEREOF TO THE EAST LINE OF SAID FRACTIONAL QUARTER SECTION; THENCE NORTH ON THE LINE AFORESAID, A DISTANCE OF 1675 FEET TO THE POINT OF BEGINNING; CONTAINING 38.21 ACRES.

PARCEL III

AN IRREGULAR TRACT OF LAND SOUTHWESTERLY OF INTERSTATE 930 EAST AND NORTH ANTHONY BOULEVARD LOCATED IN THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 31 NORTH RANGE 13 EAST CONTAINING 4.45 ACRES.

PARCEL IV

PARTS OF THE NORTHEAST AND SOUTHEAST QUARTER OF SECTION 25, TOWNSHIP 31 NORTH, RANGE 12 EAST OF THE SECOND PRINCIPAL MERIDIAN, WASHINGTON TOWNSHIP AND PARTS OF THE NORTHWEST QUARTER OF SECTION 30, TOWNSHIP 31 NORTH, RANGE 13 EAST OF THE SECOND PRINCIPAL MERIDIAN, ST. JOSEPH TOWNSHIP, ALL IN ALLEN COUNTY, INDIANA, MORE PARTICULARLY

DESCRIBED AS FOLLOWS: COMMENCING AT A 1/2" PIPE AT THE EAST QUARTER CORNER OF SAID SECTION 25; THENCE NORTH 02 DEGREES 55 MINUTES 38 SECONDS WEST, (ASSUMED BEARING AND BASIS OF BEARINGS TO FOLLOW), A DISTANCE OF 159.87 FEET (160.00 FEET DEED) ALONG THE NORTHERLY EXTENSION OF THE EAST LINE OF THE SOUTHEAST QUARTER OF SAID SECTION 25 AND ALONG THE OLD CENTERLINE OF NORTH ANTHONY BOULEVARD TO THE EXISTING WESTERLY RIGHT-OF-WAY LINE OF SAID NORTH ANTHONY BOULEVARD, ALSO BEING THE POINT OF BEGINNING OF THE HEREIN DESCRIBED TRACT; THENCE NORTH 31 DEGREES 52 MINUTES 38 SECONDS EAST, A DISTANCE OF 386.71 FEET ALONG SAID RIGHT OF WAY LINE TO A POINT, SAID POINT BEING 56.00 FEET DISTANT FROM THE CENTERLINE OF SAID NORTH ANTHONY BOULEVARD; THENCE SOUTH 16 DEGREES 59 MINUTES 24 SECONDS WEST, A DISTANCE OF 589.11 FEET PARALLEL WITH THE CENTERLINE OF SAID NORTH ANTHONY BOULEVARD; THENCE NORTH 82 DEGREES 19 MINUTES 10 SECONDS WEST, A DISTANCE OF 78.19 FEET TO THE WEST RIGHT-OF-WAY LINE OF SAID NORTH ANTHONY BOULEVARD; THENCE NORTH 02 DEGREES 55 MINUTES 38 SECONDS WEST, A DISTANCE OF 175.20 FEET; THENCE NORTH 57 DEGREES 52 MINUTES 37 SECONDS EAST, A DISTANCE OF 57.28 FEET TO THE POINT OF BEGINNING. CONTAINING 0.937 ACRES, MORE OR LESS.

PARCEL V

LOTS 1 THROUGH 134 IN CITY PARK ADDITION AS RECORDED IN DEED RECORD 66 PAGE 570 IN THE OFFICE OF THE RECORDER OF ALLEN COUNTY, INDIANA. ALSO A PART OF LOTS 2, 5, 6, AND 8 WELLS RESERVE LAWTON PARK CONTAINING 33 ACRES.

PARCEL VI

THE WEST 15 FEET AND THE EAST 35 FEET OF LOT NUMBERED 27 AND LOTS NUMBERED 28, 94 THROUGH 116 AND LOTS A-B, IN BALTES AND ROMY'S ADDITION AMENDED TO THE CITY OF FORT WAYNE ACCORDING TO PLAT THEREOF RECORDED IN PLAT RECORD 1 PAGE 26 AND AMENDED IN PLAT RECORD 1 PAGE 38.

*All real estate subject to change and revision based upon surveys and discussions between the parties.

** Grantor makes no representations or warranties with respect to the accuracy of the Real Estate legal description, which legal description has been provided by Grantee.