

STOCK PURCHASE AGREEMENT

Dated as of April 9, 2014

by and among

IBERDROLA USA ENTERPRISES, INC.,
as Seller,

and

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.
as Buyer

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT, dated as of April 9, 2014, is by and among **IBERDROLA USA ENTERPRISES, INC.**, a corporation organized under the laws of Maine (the "Seller"), and **LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.**, a corporation organized under the laws of Delaware (the "Buyer"). Capitalized terms used in this Agreement shall have the meanings set forth in Section 11.13.

RECITALS

WHEREAS, the Seller is the record and beneficial owner of all of the issued and outstanding shares of capital stock of New Hampshire Gas Corporation, a company organized under the laws of New Hampshire (the "Company"), which represents 100% of the capital stock of the Company (the "Shares"); and

WHEREAS, as of March 21, 2014, the Company and Keene Propane Corporation agreed (i) to settle the Keene Litigation in the terms and conditions set forth in the Settlement Agreement attached as Exhibit B to this Agreement, and (ii) to amend the Supply Agreement in accordance with the Amended Operating and Propane Air Sales Supply Agreement attached as Exhibit A to this Agreement.

WHEREAS, pursuant to the terms and conditions set forth herein, the Seller desires to sell and transfer to the Buyer, and the Buyer desires to buy from the Seller, all of the Shares.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement, and intending to be legally bound hereby, the Seller and the Buyer hereby agree as follows:

ARTICLE I. SALE AND PURCHASE OF THE SHARES

Section 1.1 Sale and Purchase of the Shares. Subject to the terms and conditions set forth herein, at the Closing, for the consideration specified in Section 2.1, the Seller will sell, assign, convey, transfer and deliver to the Buyer, and the Buyer will purchase and acquire from the Seller, the Shares.

ARTICLE II. PURCHASE PRICE

Section 2.1 Purchase Price. In consideration for the sale, assignment, conveyance, transfer and delivery of the Shares, at the Closing, subject to satisfaction or waiver of the conditions set forth in Article VIII hereof and subject to Section 2.2 and Section 2.3, the Buyer shall pay to the Seller, by wire transfer of immediately available U.S. dollars to the Seller Bank Account, an amount equal to Three Million Dollars (\$3,000,000) (the "Base Purchase Price"), as adjusted pursuant to Section 2.2(b) (together with the Base Purchase Price, as adjusted pursuant to terms hereof, the "Purchase Price").

Section 2.2 Closing Purchase Price Adjustment.

(a) No later than the close of business on the tenth Business Day prior to the Closing, the Seller shall deliver to the Buyer a consolidated balance sheet of the Company (the “Estimated Closing Balance Sheet”) setting forth the Seller’s good faith determination of (i) the Net Working Capital as of the close of business on the Closing Date (the “Estimated Closing Net Working Capital”) and (ii) the Financial Indebtedness as of the closing of business on the Closing Date (the “Estimated Closing Financial Indebtedness”), in each case prepared in accordance with GAAP, applied on a consistent basis with the Seller’s past practices and the accounting principles, policies and methodologies utilized in the preparation of the latest balance sheets of the Company included in the year-end unaudited Financial Statements. In the event that no fewer than two (2) Business Days prior to the Closing Date the Buyer notifies the Seller of any errors that the Buyer believes are contained in the Estimated Closing Balance Sheet, the Seller shall in good faith consider the Buyer’s comments relating to such errors and make any amendments to the Estimated Closing Balance Sheet which the Seller reasonably deems necessary to correct such errors.

(b) At the Closing, the Base Purchase Price shall be adjusted, on a dollar-for-dollar basis, by an amount (whether positive or negative) equal to (i) the amount of the Estimated Closing Net Working Capital minus the Target Closing Net Working Capital minus (ii) the amount of Estimated Closing Financial Indebtedness (the “Closing Adjustment Amount”).

Section 2.3 Post-Closing Purchase Price Adjustment.

(a) Within ninety (90) days following the Closing Date, the Seller shall prepare and deliver to the Buyer, a consolidated balance sheet of the Company (the “Actual Closing Balance Sheet”) setting forth (i) the Net Working Capital as of the close of business on the Closing Date (the “Actual Closing Net Working Capital”) and (ii) the Financial Indebtedness as of the closing of business on the Closing Date (the “Actual Closing Financial Indebtedness”), in each case prepared in the same manner as the Estimated Closing Balance Sheet.

(b) If the Buyer objects to the Actual Closing Balance Sheet prepared by the Seller, it shall notify the Seller in writing within sixty (60) days following its receipt of the Actual Closing Balance Sheet, and shall set forth with specificity the basis of its objection (the “Closing Balance Objection”). The Buyer and the Seller shall use their reasonable best efforts to resolve the Closing Balance Objection, if any, within twenty (20) days thereafter. In connection therewith, each of the Buyer and the Seller shall provide to the other and its Representatives such access as is necessary to evaluate the Actual Closing Net Working Capital and Actual Closing Financial Indebtedness included in the Actual Closing Balance Sheet.

(c) If the Buyer and the Seller have been unable to resolve their differences with respect to the Closing Balance Objection within the time period set forth in Section 2.3(b) above, the Buyer and the Seller shall, no later than five (5) days thereafter, retain an independent accounting firm of national repute acceptable to the parties (the “Expert”) to resolve as an Expert any remaining matters of dispute in the Closing Balance Objection. The parties shall be required to submit their position papers within ten (10) days after retention of the Expert, and the Expert shall render its determination no later than twenty (20) days after its retention. The Expert shall meet with the parties and their Representatives in the presence of the other party and its Representatives in order to finally resolve the Closing Balance Objection. The Expert’s decision

shall be binding and non-appealable. In resolving any disputed item, the Expert may not assign a value to such item greater than the greatest value for such item asserted by the Seller or the Buyer or less than the smallest value for such item asserted by the Seller or the Buyer. The “Final Closing Net Working Capital” shall be equal to the Net Working Capital set forth in the Actual Closing Balance Sheet delivered pursuant to Section 2.3(a) in the event there is no Closing Balance Objection and shall be equal to the Net Working Capital as agreed to by the parties or as determined by the Expert, as applicable, in the event of a Closing Balance Objection. The “Final Closing Financial Indebtedness” shall be equal to the Financial Indebtedness set forth in the Actual Closing Balance Sheet delivered pursuant to Section 2.3(a) in the event there is no Closing Balance Objection and shall be equal to the Financial Indebtedness as agreed to by the parties or as determined by the Expert, as applicable, in the event of a Closing Balance Objection. The fees and expenses of the Expert shall be shared equally by the parties hereto.

(d) The Base Purchase Price shall be further adjusted, on a dollar-for-dollar basis, by an amount (whether positive or negative) (the “Post-Closing Adjustment Amount”) equal to (i) the amount of the Final Closing Net Working Capital minus the Target Closing Net Working Capital, minus (ii) the amount of Final Closing Financial Indebtedness, minus (iii) the Closing Adjustment Amount. If the Post-Closing Adjustment Amount is a positive amount, the Buyer shall pay to the Seller within two (2) Business Days after the determination thereof in immediately available funds by wire transfer to the Seller Bank Account an amount equal to the Post-Closing Adjustment Amount. If the Post-Closing Adjustment Amount is a negative amount, the Seller shall pay to the Buyer within two (2) Business Days after the determination thereof in immediately available funds by wire transfer to the Buyer Bank Account an amount equal to the absolute value of the Post-Closing Adjustment Amount.

Section 2.4 Closing.

(a) The closing of the purchase and sale of the Shares (the “Closing”) will take place (i) at the offices of Latham & Watkins LLP, 555 11th Street, NW, Suite 1000, Washington, DC 20004 at 10:00 a.m. local time on the third Business Day following the satisfaction or waiver of all conditions set forth in Article VIII (other than such conditions as are, by their nature, to be satisfied at the Closing), or (ii) at such other place, date and time as the Seller and the Buyer may agree in writing. The date and time at which the Closing actually occurs is referred to herein as the “Closing Date.”

(b) At the Closing, the Seller will deliver or cause to be delivered to the Buyer the following:

(i) certificates representing the Shares, duly endorsed for transfer by delivery or accompanied by stock powers duly executed in blank;

(ii) all other instruments, agreements, certificates and documents required to be delivered by the Seller at or prior to the Closing Date pursuant to this Agreement;

(iii) a certificate of good standing of the Company issued by the Secretary of State of New Hampshire not more than five Business Days prior to the Closing Date; and

(iv) copies of the minute books and records of the Company, to the extent that such records are in the possession of the Seller or its Affiliates, including a stock ledger record of the Shares.

(c) At the Closing, the Seller will also deliver or cause to be delivered to the Buyer written resignations of the directors and officers of the Company as set forth on Section 2.4(c) of the Disclosure Schedule.

(d) At the Closing, the Buyer will deliver or cause to be delivered the following:

(i) the payment required by Section 2.1; and

(ii) all other instruments, agreements, certificates and documents required to be delivered by the Buyer at or prior to the Closing Date pursuant to this Agreement.

Section 2.5 Transfer Taxes. All applicable sales and transfer taxes (including any transfer taxes due as a result of the sale of the Shares and any taxes imposed upon the transfer of real or personal property) and filing, recording, registration, stamp, documentary and other taxes (except for income Taxes) and fees payable in connection with the Transactions or the documents giving effect to the Transactions (such taxes, the "Transfer Taxes") will be the responsibility of and be paid by the Buyer. The Person responsible under applicable Law for filing any Tax return with respect to Transfer Taxes will prepare and file all such Tax returns and other documentation with respect to any such Transfer Taxes and, if required by applicable Law, the Seller, the Buyer or the Company will join in the execution of any such Tax returns and other documentation. The Seller and the Buyer shall cooperate in good faith to prepare and file such Tax returns and the costs of preparing such Tax returns shall be borne by the Buyer. All payments made by the Buyer in connection with the Transaction are exclusive of any value added or similar taxes which may be imposed from time to time, which taxes shall be charged in addition to and be paid by the Buyer.

ARTICLE III. REPRESENTATIONS AND WARRANTIES REGARDING THE SELLER

Except as set forth in and as qualified by the disclosure schedule delivered by the Seller to the Buyer simultaneously with the execution of this Agreement (the "Disclosure Schedule"), the Seller represents and warrants to the Buyer as follows:

Section 3.1 Corporate Existence; Standing.

(a) The Seller is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

(b) The Seller has the requisite power and authority to enter into and perform its obligations under this Agreement.

(c) The Seller is neither in bankruptcy, liquidation or receivership (and no order or resolution therefore has been presented and no notice of appointment of any liquidator, receiver, administrative receiver or administrator has been given), nor are there any valid grounds or

circumstances on the basis of which any such procedure may be requested on a voluntary or involuntary basis by any entity.

Section 3.2 Authorization. The Seller has full legal power and authority to execute and deliver this Agreement and all documents required to be executed by the Seller, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement by the Seller and the consummation by the Seller of the Transactions have been, or, in the case of documents to be executed and delivered at the Closing, will have been duly authorized by all necessary action on the part of the Seller, and no other action on the part of the Seller is necessary to authorize this Agreement or the consummation of the Transactions. This Agreement and all documents required hereunder to be executed by the Seller have been, or, in the case of documents to be executed and delivered at the Closing, will have been immediately prior to Closing, duly executed and delivered by the Seller and, assuming due authorization, execution and delivery by the other parties thereto, this Agreement and all documents required hereunder to be executed by the Seller constitute or will constitute, in the case of documents to be executed and delivered at the Closing, the legally valid and binding obligations of the Seller, enforceable against such Seller in accordance with its terms, except that such enforceability (a) may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar Laws of general application affecting or relating to the enforcement of creditors' rights generally and (b) is subject to general principles of equity, whether considered in a proceeding at Law or in equity (the "Bankruptcy and Equity Exception").

Section 3.3 Noncontravention. Neither the execution, delivery and performance by the Seller of this Agreement, nor the consummation by the Seller of the Transactions, will (a) result in the creation, imposition or enforcement of any Lien on, over or affecting the Shares owned by the Seller, (b) conflict with or violate any provisions of the articles of incorporation, bylaws or other constitutive or corporate documents of the Seller, (c) violate, conflict with, result in a breach of or constitute a default under any of the terms, conditions or provisions of any Contract to which such Seller is a party; or (d) violate, conflict with or result in a breach of any Law, judgment, writ or injunction of any Governmental Authority applicable to the Seller, except, in the case of clauses (b), (c) and (d), for such conflicts, violations, breaches or defaults which would not impair in any material respect the ability of the Seller to perform its obligations hereunder or prevent or materially delay consummation of the Transactions.

Section 3.4 Share Ownership.

(a) The Seller is, and will be at the Closing, the sole beneficial and record owner of all of the issued and outstanding Shares, which Shares at the Closing will be free and clear of any Liens.

(b) There are no voting trusts, shareholder agreements or other agreements or understandings to which the Seller is a party with respect to the ownership, disposition or voting of the Shares.

Section 3.5 Governmental Approvals. There are no consents or approvals of, or filings, declarations or registrations with, any Governmental Authority that are necessary for the

execution and delivery of this Agreement by the Seller or, except as set forth in and as qualified by Section 3.5 of the Disclosure Schedule, performance of this Agreement and consummation of the Transactions by the Seller, other than such consents, approvals, filings, declarations or registrations that, if not obtained, made or given, would not impair in any material respect the ability of the Seller to perform its obligations hereunder or prevent or materially delay consummation of the Transactions.

Section 3.6 Legal Proceedings. There are no suits, actions, claims, proceedings (including, without limitation, all arbitrations and alternative dispute resolution proceedings) or investigations pending or, to the Knowledge of such Seller, threatened against, relating to or involving the Seller, that would reasonably be expected to impair in any respect the ability of the Seller to perform its obligations hereunder or prevent, prohibit, restrict or materially delay the consummation of the Transactions.

Section 3.7 Brokers. The Seller has not entered into any Contract or other arrangement or understanding (written or oral) with any Person which may result in the obligation of the Buyer or any of its Affiliates to pay any fees or commissions to any broker or finder as a result of the execution and delivery of this Agreement or the consummation of the Transactions.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

Except as set forth in and as qualified by the Disclosure Schedule, the Seller, represents and warrants to the Buyer as follows:

Section 4.1 Organization, Standing and Corporate Power.

The Company is a corporation, duly organized, validly existing and in good standing under the laws of the State of New Hampshire and has all requisite corporate power and authority necessary to own or lease all of its properties and assets and to carry on its business as it is now being conducted. The Company is duly licensed or qualified to do business in New Hampshire. True, complete and correct copies of the Articles of Incorporation and Bylaws of the Company, in each case as amended through the Closing Date (the "Company Charter Documents") and minute book containing records of actions taken by the Board or Directors of the Company have previously been made available to the Buyer.

Section 4.2 Capitalization of the Company.

(a) As of the date hereof, the entire authorized capital stock of the Company consists of 1,000 shares, par value \$0.01 per share. As of the date hereof, 25 shares of capital stock of the Company are issued and outstanding.

(b) All of the Shares are duly authorized, validly issued, fully paid and nonassessable, and have not been issued in violation of any preemptive rights, rights of first refusal or similar rights.

(c) The Shares owned by the Seller are the only shares of capital stock of the Company issued and outstanding, and there are no other shares of capital stock of the Company authorized, issued or outstanding, and there are no outstanding or authorized options, warrants, subscription or other agreements to which the Company is a party or by which it is bound, relating to the sale, issuance or voting of, or the granting of rights to acquire, any shares of any class or series of the capital stock of, or other equity interest in, the Company or any securities convertible or exchangeable into or evidencing the right to purchase any shares of any class or series of the capital stock of, or other equity interest in, the Company.

Section 4.3 Noncontravention. Neither the execution and delivery by the Seller of this Agreement, nor the consummation by the Seller of the Transactions, will (a) conflict with or violate any provision of the Company Charter Documents, (b) to the Knowledge of the Seller, violate, conflict with or result in a breach of any Law, judgment, writ or injunction of any Governmental Authority applicable to the Company, or (c) to the Knowledge of the Seller, violate, conflict with, result in a breach of or constitute a default under any of the terms, conditions or provisions of any Material Contract to which the Company is a party, except, in the case of clauses (b) and (c), for such conflicts, violations, breaches or defaults which would not reasonably be expected to have a Material Adverse Effect.

Section 4.4 Financial Statements. Section 4.4 of the Disclosure Schedule contains copies of (a) the unaudited balance sheet, income statement and statement of cash flows of the Company for the year ended 2012 (the "Year End Financial Statements"), (b) the unaudited balance sheet, income statement and statement of cash flows of the Company for the fiscal quarter ended March 31, 2013, and the unaudited balance sheet, income statement and statement of cash flows of the Company for the fiscal quarter ended June 30, 2013 (the "Quarterly Financial Statements," together with the Year End Financial Statements, the "Financial Statements"). The Financial Statements fairly present, in all material respects, the financial position and results of operations of the Company for the periods or as of the dates set forth therein in accordance with GAAP (subject, in the case of the Quarterly Financial Statements, to year-end audit adjustments and the absence of footnotes).

Section 4.5 Undisclosed Liabilities. The Company does not have any liabilities that would be required under GAAP to have an amount set forth on an audited balance sheet, except for (a) liabilities set forth, reflected in, reserved against or disclosed in the Financial Statements, (b) liabilities incurred in the ordinary course of business consistent with past practice, (c) liabilities disclosed in Section 4.5 of the Disclosure Schedule, (d) as contemplated by this Agreement or otherwise in connection with the Transactions, and (e) liabilities related to the subject matter of the other representations and warranties contained in this Article IV, and (f) such other liabilities which would not, individually or in the aggregate, have a Material Adverse Effect.

Section 4.6 Absence of Certain Changes. Since the Balance Sheet Date to the date of this Agreement except as set forth in Section 4.6 of the Disclosure Schedule, (a) the Company has carried on and operated its businesses in all material respects in the ordinary course of business consistent with past practices and (b) there has not been a Material Adverse Effect.

Section 4.7 Legal Proceedings. Except as expressly set forth on Section 4.7 of the Disclosure Schedule, there is no pending or, to the Knowledge of the Seller, threatened legal (whether civil or criminal), administrative, arbitral or similar proceeding, claim, suit or action against the Company, nor is there any injunction, order, judgment, ruling or decree imposed upon the Company, by or before any Governmental Authority, that would reasonably be expected to have a Material Adverse Effect.

Section 4.8 Compliance With Laws; Permits. The Company is in compliance in all material respects with all laws, statutes, ordinances, codes, rules, regulations, decrees, orders, judicial or arbitral or administrative or regulatory judgments, decisions, rulings or awards issued by any Governmental Authorities (collectively, "Laws") applicable to the Company. The Company holds all material licenses, franchises, permits, certificates, approvals and authorizations from Governmental Authorities which are necessary for the lawful conduct of their respective businesses (collectively, "Permits"). The Company is in compliance in all material respects with the terms of all Permits.

Section 4.9 Regulatory Matters. Section 4.9 of the Disclosure Schedule contains a true, complete and correct list of all investigations and inquiries by the PSC or any other regulatory agency into matters concerning the Company during the preceding five years, other than in respect of matters in the normal course of business.

Section 4.10 Tax Matters. (a) The Company has timely filed, or has caused to be timely filed on its behalf (taking into account any extension of time within which to file), all material Tax returns required to be filed by it and all material Taxes shown to be due on such Tax returns have been timely paid; (b) no deficiency adjustment with respect to Taxes has been proposed, asserted or assessed against the Company, which have not been fully paid or adequately reserved in the Financial Statements; and (c) no audit or other administrative or court proceedings are pending with any Governmental Authority with respect to Taxes of the Company and no written notice thereof has been received and there are no pending or, to the Knowledge of the Seller, threatened actions or proceedings for the assessment or collection of material Taxes against the Company. This Section 4.10 includes the sole and exclusive representations and warranties of the Seller relating to Tax matters, including compliance with Laws relating thereto.

Section 4.11 Environmental Matters.

(a) There is no pending or, to the Knowledge of the Seller, threatened civil or criminal litigation, written notice of violation, formal administrative proceeding, or investigation, inquiry or information request by any Governmental Authority, relating to any Environmental Law involving the Company. The Company is currently conducting its business in compliance with all Environmental Laws in all material respects.

(b) Except as set forth on Section 4.11(b) of the Disclosure Schedule, the Company is not a party to or bound by any court order, administrative order, consent order or other agreement with any Governmental Authority entered into in connection with any legal obligation or liability arising under any Environmental Law.

(c) Neither the Seller nor the Company have received notice pursuant to CERCLA that the Company has been identified as a responsible party in connection with any real property currently or formerly owned or leased by the Company.

(d) The Seller has provided the Buyer with copies of all material environmental reports, studies, investigations and related documents in its possession or in the possession of the Company in connection with: (i) the real property currently or formerly owned or leased by the Company; and (ii) the operations of the Company.

(e) Except as would not be reasonably expected to have a Material Adverse Effect, since November 1, 1998, no Hazardous Substances have been Released at, on, under or from any real property owned or leased by the Company at the time of any such Release under circumstances requiring, under Environmental Law, either: (i) notification to any Governmental Authority or (ii) remediation.

(f) Except as would not be reasonably expected to have a Material Adverse Effect, neither Seller nor the Company has Knowledge of any environmental liabilities whatsoever in any way associated with the Property (as defined in the Supply Agreement) or environmental liabilities not on the Property that are shown to have derived therefrom, provided that such liabilities shall have been imposed by reason of Buyer's activities on the Property since November 1, 1998.

Section 4.12 Real Property.

(a) Section 4.12(a) of the Disclosure Schedule contains a list of all (i) material real property owned by the Company, other than easements, licenses or other rights of way used in connection with transmission or distribution and related activities including repair and maintenance (collectively, the "Owned Real Property") and (ii) material easements, licenses and other rights of way held by the Company.

(b) Section 4.12(b) of the Disclosure Schedule contains a list of all material real property leased or subleased by the Company (collectively, the "Leased Real Property") and for each Leased Real Property, identifies the street address of such Leased Real Property. Copies of all Contracts pursuant to which the Company occupies or uses any material Leased Real Property ("Real Property Leases") have been made available to the Buyer.

(c) The Company has good and marketable fee simple title to all Owned Real Property free and clear of all Liens, except Permitted Liens.

(d) All Real Property Leases are legal, valid, binding and enforceable in accordance with their respective terms (subject to the Bankruptcy and Equity Exception) with respect to the Company and, to the Knowledge of the Seller, each other party to the Real Property Leases. To the Knowledge of the Seller, there is no existing material default or breach by the Company under any Real Property Lease and there is no such default or breach with respect to any third party to any Real Property Lease, except for any such default or breach as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 4.13 Intellectual Property.

(a) The Company owns or has the right to use all trademarks, service marks, trade names, Internet domain names, and all goodwill associated therewith and symbolized thereby, and registrations and applications therefor, including renewals, (“IP Rights”) that are used in the conduct of the business of the Company as currently conducted, except for any such failures to own or have the right to use that would not reasonably be expected to have a Material Adverse Effect.

(b) Except as would not reasonably be expected to have a Material Adverse Effect:

(i) the Seller has no Knowledge of any existing claims made within the last two years, (A) that the conduct of the business of the Company as currently conducted infringes or otherwise violates any IP Rights of any Person; (B) against the use by the Company of any IP Right used in the business of the Company as currently conducted; (C) challenging the ownership, validity or enforceability of any of the IP Rights owned by the Company (collectively, the “Company IP Rights”), or any IP Rights owned or held by third parties (collectively, the “Third-Party IP Rights”) exclusively licensed to the Company; or (D) challenging the right to use of any Third-Party IP Rights held by the Company;

(ii) to the Knowledge of the Seller, there is no unauthorized use, infringement or other violation of the Company IP Rights, or any Third-Party IP Rights held exclusively by the Company, by any Person; and

(iii) to the Knowledge of the Seller, the Company IP Rights and material Third-Party IP Rights held exclusively by the Company are valid and enforceable.

Section 4.14 Contracts.

(a) Section 4.14(a) of the Disclosure Schedule sets forth a list of all of the following executory written Contracts to which the Company is a party and which are in effect on the date hereof:

(i) loan agreements, credit agreements, security agreements, promissory notes, mortgages, indentures and other Contracts which provide for the borrowing of moneys by or extensions of credit to the Company or the guaranty by the Company of obligations in respect of the borrowings of money by or extensions of credit to any other Person, in any case involving in excess of U.S. \$100,000 of indebtedness or committed credit;

(ii) natural gas liquids purchase agreements which expressly provide for aggregate annual payments to or from the Company of more than U.S. \$100,000, except those that may be cancelled by the Company without material penalty upon not more than 180 days’ notice;

(iii) contracts with a Governmental Authority (other than ordinary course Contracts with Governmental Authorities as a customer) which expressly provide for aggregate annual payments to or from the Company of more than U.S. \$100,000, except

those that may be cancelled by the Company without material penalty upon not more than 180 days' notice;

(iv) contracts between the Company, on the one hand, and the Seller or its respective Affiliates, on the other hand; and

(v) other Contracts (other than (A) those of a type described in clauses (i) through (vi) above, without giving effect to the minimum dollar or term thresholds set forth therein and (B) contracts entered into in the ordinary course of business) which expressly provide for aggregate annual payments to or from the Company of more than U.S. \$100,000, except those that may be cancelled by the Company without material penalty upon not more than 180 days' notice.

All Contracts required to be set forth on Section 4.14(a) of the Disclosure Schedule are referred to herein as "Material Contracts."

(b) All Material Contracts are legal, valid, binding and enforceable in accordance with their respective terms (subject to the Bankruptcy and Equity Exception) with respect to the Company and, to the Knowledge of the Seller, each other party to the Material Contracts. To the Knowledge of the Seller, there is no existing material default or breach by the Company under any Material Contract and there is no such default or breach with respect to any third party to any Material Contract, except for any such default or breach as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 4.15 Insurance. Section 4.15 of the Disclosure Schedule sets forth a list of all material current policies of insurance in force as of the date hereof covering the Company or its assets.

Section 4.16 Employees.

(a) Except as set forth in and as qualified by Section 4.16(a) of the Disclosure Schedule, the Company is not a party to any collective bargaining agreement in effect on the date hereof relating to its employees.

(b) On the date hereof, there is no labor strike or work stoppage pending or, to the Knowledge of the Seller, threatened against the Company which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect.

(c) Section 4.16(c) of the Disclosure Schedule sets forth each material pension, retirement, savings, profit sharing, deferred compensation, stock bonus or other similar plan; each material medical, vision, dental or other health plan; each material life insurance plan; and any other material employee benefit plan, in each case, to which the Company is on the date hereof required to contribute, or which the Company on the date hereof sponsors for the benefit of any of their employees, or under which employees (or their beneficiaries) of the Company (in their capacities as such) are on the date hereof eligible to receive benefits.

(d) Except as set forth on Section 4.16(d) of the Disclosure Schedule, there are no pending or, to the Knowledge of the Seller, threatened complaints before any employment

standards tribunal or human rights tribunal and there are no pending or, to the Knowledge of the Seller, threatened workers' compensation, discrimination or other such claims.

(e) To the Knowledge of the Seller as of the execution of this Agreement, no Company employees have any plans to terminate their employment with the Company.

Section 4.17 Brokers. The Company has not entered into any contract or other arrangement or understanding (written or oral, express or implied) with any Person which may result in the obligation of the Buyer or any of its Affiliates to pay any fees or commissions to any broker or finder as a result of the execution and delivery of this Agreement or the consummation of the Transactions.

ARTICLE V. REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Seller as follows:

Section 5.1 Corporate Existence; Standing.

(a) The Buyer is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

(b) The Buyer has the requisite power and authority to enter into and perform its obligations under this Agreement.

(c) The Buyer is neither in bankruptcy, liquidation or receivership (and no order or resolution therefore has been presented and no notice of appointment of any liquidator, receiver, administrative receiver or administrator has been given), nor is there any valid grounds or circumstances on the basis of which any such procedure may be requested on a voluntary or involuntary basis by any entity.

Section 5.2 Authorization. The Buyer has full legal power and authority to execute and deliver this Agreement and all documents required to be executed by the Buyer, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement by the Buyer and the consummation by the Buyer of the Transactions have been, or, in the case of documents to be executed and delivered at the Closing, will have been duly authorized by all necessary action on the part of the Buyer, and no other action on the part of the Buyer is necessary to authorize this Agreement or the consummation of the Transactions. This Agreement and all documents required hereunder to be executed by the Buyer have been, or, in the case of documents to be executed and delivered at the Closing, will have been immediately prior to Closing, duly executed and delivered by the Buyer and, assuming due authorization, execution and delivery by the other parties thereto, this Agreement and all documents required hereunder to be executed by the Buyer constitute or will constitute, in the case of documents to be executed and delivered at the Closing, the legally valid and binding obligations of the Buyer, enforceable against the Buyer in accordance with its terms, subject to the Bankruptcy and Equity Exception.

Section 5.3 Noncontravention. Neither the execution and delivery by the Buyer of this Agreement, nor the consummation by the Buyer of the Transactions, nor compliance by the Buyer with any of the terms or provisions hereof, will (a) conflict with or violate any provisions of the articles of incorporation, bylaws or other constitutive or corporate documents of the Buyer, (b) violate, conflict with or result in a breach of any Law, judgment, writ or injunction of any Governmental Authority applicable to the Buyer or (c) violate, conflict with, result in a breach of or constitute a default under any of the terms, conditions or provisions of any Contract to which the Buyer is a party except, in the case of clauses (b) and (c), for such violations, breaches or defaults which would not impair in any material respect the ability of the Buyer to perform its obligations hereunder or prevent or materially delay consummation of the Transactions.

Section 5.4 Governmental Approvals. There are no consents or approvals of, or filings, declarations or registrations with, any Governmental Authority that are necessary for the execution and delivery of this Agreement by the Buyer or, except as set forth in and as qualified by Section 5.4 of the Disclosure Schedule, performance of this Agreement and consummation of the Transactions by the Buyer, other than such consents, approvals, filings, declarations or registrations that, if not obtained, made or given, would not impair in any material respect the ability of the Buyer to perform its obligations hereunder or prevent or materially delay consummation of the Transactions.

Section 5.5 Capital Resources. The Buyer has available to it, and will have available to it at the Closing, sufficient funds to pay the Purchase Price, to pay all related fees and expenses payable by the Buyer in connection with the Transactions and to consummate the other transactions contemplated by this Agreement to be consummated by the Buyer.

Section 5.6 Legal Proceedings. There are no suits, actions, claims, proceedings or investigations pending or, threatened against, relating to or involving the Buyer that would reasonably be expected to impair in any material respect the ability of the Buyer to perform its obligations hereunder or prevent or materially delay the consummation of the Transactions.

Section 5.7 Brokers. None of the Buyer or its Affiliates has entered into any Contract or other arrangement or understanding (written or oral, express or implied) with any Person which may result in the obligation of the Seller or any of its Affiliates to pay any fees or commissions to any broker or finder as a result of the execution and delivery of this Agreement or the consummation of the Transactions.

Section 5.8 Buyer's Independent Investigation. The Buyer and its representatives have undertaken an independent investigation and verification of the business, operations and financial condition of the Company. The Buyer acknowledges and agrees that:

(a) the Buyer has been afforded access to and the opportunity to inspect the Company, the business of the Company and all other due diligence materials; and

(b) the Buyer has inspected the business of the Company and all due diligence materials (including any documentation provided by the Seller in connection with the Transactions), in each case to the extent the Buyer deems necessary or advisable in connection with its decision to enter into this Agreement and to consummate the Transactions.

ARTICLE VI. COVENANTS AND AGREEMENTS

Section 6.1 Conduct of Business.

(a) Except as contemplated or permitted by this Agreement or Section 6.1 of the Disclosure Schedule or as required by applicable Law, during the period from the date of this Agreement until the Closing, unless the Buyer otherwise consents (which consent shall not be unreasonably withheld or delayed), the Seller shall use Commercially Reasonable Efforts to cause the Company to conduct the business of the Company in all material respects in the ordinary course consistent with past practice.

(b) Without limiting the generality of Section 6.1(a), except as contemplated or permitted by this Agreement, or Section 6.1 of the Disclosure Schedule or as required by applicable Law, during the period from the date of this Agreement until the Closing, unless the Buyer otherwise consents (which consent shall not be unreasonably withheld or delayed), the Seller shall cause the Company not to:

(i) (A) issue, sell or grant any shares of its capital stock, or any securities or rights convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for any shares of its capital stock, or any rights, warrants or options to purchase any shares of its capital stock; (B) redeem, purchase or otherwise acquire any of its outstanding shares of capital stock, or any rights, warrants or options to acquire any shares of its capital stock; (C) declare, set aside for payment or pay any dividend on, or make any other distribution in respect of, any shares of its capital stock, except for regular dividends consistent with past practice or any other dividends declared prior to the Closing Date; or (D) split, combine, subdivide or reclassify any shares of its capital stock, in the case of clauses (A) through (D), except for transactions solely between the Company and Seller prior to the Closing which would not cause the closing condition in Section 8.2(a) to not be satisfied as of the Closing;

(ii) except as otherwise contemplated herein or to increase the number of authorized shares of capital stock, amend its certificate of incorporation, bylaws or analogous charter documents;

(iii) adopt a plan or agreement of complete or partial liquidation or dissolution;

(iv) sell, pledge, transfer, dispose of or encumber or suffer or permit to exist any Lien (other than Permitted Liens) on any of the material properties or assets of the Company; or

(v) enter into any Contract, commitment or arrangement to do, or take, or agree to take any of the foregoing actions.

(c) The Buyer agrees that, during the period from the date of this Agreement until the Closing Date, the Buyer shall not and shall not permit any of its subsidiaries to, take, or agree or commit to take, any action that could reasonably be expected to (i) impose any material delay in the obtaining of, or significantly increase the risk of not obtaining, any authorizations, consents,

orders, declarations or approvals of any Governmental Authority necessary to consummate the Transactions or the expiration or termination of any applicable waiting period, (ii) significantly increase the risk of any Governmental Authority entering an order or Restraint prohibiting or impeding the consummation of the Transactions or (iii) otherwise materially delay the consummation of the Transactions. The Buyer also acknowledges that any dividends declared prior to the Closing in compliance with Section 6.1(b)(i) shall be for the Seller's account and the Buyer shall have no rights whatsoever in connection therewith.

(d) Notwithstanding anything in this agreement to the contrary, the Seller shall, and shall cause the Company to, use commercially reasonable efforts to provide Net Working Capital of the Company on the Closing Date in an amount equal to or greater than \$100,000.

Section 6.2 Commercially Reasonable Efforts.

(a) Subject to the terms and conditions of this Agreement, each party hereto shall cooperate with the other party and use its respective Commercially Reasonable Efforts to promptly (i) take, or cause to be taken, all actions and do, or cause to be done, all things, necessary, proper or advisable to cause the conditions to Closing to be satisfied as promptly as practicable and to consummate and make effective, in the most expeditious manner practicable, the Transactions, including preparing and filing promptly and fully all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents and (ii) obtain all approvals, consents, registrations, permits, authorizations and other confirmations from any Governmental Authority or third party necessary, proper or advisable to consummate the Transactions.

(b) Each party hereto shall use its Commercially Reasonable Efforts to (i) cooperate in all respects with each other in connection with any filing or submission with a Governmental Authority in connection with the Transactions and in connection with any investigation or other inquiry by or before a Governmental Authority relating to the Transactions, including any proceeding initiated by a private party and (ii) keep each other party informed in all material respects and on a reasonably timely basis of any material communication received by such party from, or given by such party to any Governmental Authority and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the Transactions. Seller and Buyer each will have the right to review in advance and to consult with the other parties to the extent practicable regarding all characterizations of the information relating to the parties or to the transactions contemplated by this Agreement which appear in any filing made by the other Party or any of its Affiliates in connection with the transactions contemplated hereby. Each party shall have the right to attend conferences and meetings between another party and regulators concerning the Transactions. In this regard, the party requesting any such conference or meeting with a regulator shall, to the extent practicable, notify the other parties at least five (5) Business Days in advance of such conference or meeting.

(c) Governmental and Third-Party Notices and Consents. The parties shall jointly file one or more applications with the PSC for the PSC Approval as soon as practical, but no later than sixty (60) days after the date hereof. Each party shall bear its own expenses in connection with the preparation and prosecution of such PSC application(s); provided, however, the Buyer shall bear all filing fees in connection with such application. The parties agree that the

application(s) for the PSC Approval shall be limited to a request for approval of the transactions contemplated by this Agreement and shall not include a request for any ratemaking treatment associated therewith. In addition, each party shall use its Commercially Reasonable Efforts to obtain, at its expense, all other waivers, permits, consents, approvals or other authorizations from Governmental Authorities, and to effect all other registrations, filings and notices with or to Governmental Authorities, as may be required for such party to consummate the transactions contemplated by this Agreement and to otherwise comply with all applicable Laws and regulations in connection with the consummation of the Transactions contemplated by this Agreement.

(d) In furtherance and not in limitation of the covenants of the parties contained in this Section 6.2, each party hereto shall use its Commercially Reasonable Efforts to resolve such objections, if any, as may be asserted by a Governmental Authority or other Person with respect to the Transactions. Without limiting any other provision hereof, each party shall use its Commercially Reasonable Efforts to avoid the entry of, or to have vacated or terminated, any decree, order or judgment that would restrain, prevent or delay the consummation of the Transactions, on or before the Walk-Away Date, provided, however, that such party shall not be required to defend through litigation any claim asserted by any Person. Notwithstanding the foregoing or any other provision of this Agreement to the contrary, neither Party shall be obligated to settle any proceeding with respect to the Transactions contemplated by this Agreement, or any intervention therein, other than upon commercially reasonable terms, or to consent or agree to or otherwise take any action that, individually or in the aggregate, would have, or would reasonably be expected to have, a Material Adverse Effect.

Section 6.3 Public Announcements. Neither the Seller nor its Affiliates, on the one hand, nor the Buyer and its Affiliates, on the other hand, shall issue or cause the publication of any press release or other public announcement (to the extent not previously issued or made in accordance with this Agreement) with respect to this Agreement or the Transactions without the prior consent of the Buyer or the Seller, respectively, which consent shall not be unreasonably withheld or delayed, except as may be required by applicable securities laws or regulations, any other applicable Law, or by any applicable listing agreement with or the rules of any securities exchange or market system on which it or any of its Affiliates lists securities, in each case, as determined in the good faith judgment of the party proposing to make such release (in which case, and to the extent legally possible and practicable, such party shall not issue or cause the publication of such press release or other public announcement without prior consultation with the other party).

Section 6.4 Access to Information; Confidentiality.

(a) Subject to applicable Laws relating to the exchange of information, the Seller shall use Commercially Reasonable Efforts to cause the Company, upon reasonable prior written notice, to afford to the Buyer and the Buyer's representatives reasonable access during normal business hours to the Company's properties, books, Contracts and records and the Seller shall use Commercially Reasonable Efforts to cause the Company to furnish promptly to the Buyer such information concerning its business and properties as the Buyer may reasonably request; provided, however, that the Seller shall not be obligated to cause the Company to provide such access or information if the Seller determines, in its reasonable judgment, that doing so would

violate an applicable Law, or Contract or obligation of confidentiality owing to a third-party or jeopardize the protection of an attorney-client privilege. Until the Closing, all information provided by the Seller or the Company to the Buyer or its representatives will be subject to the terms of the Confidentiality Agreement.

(b) The Buyer acknowledges that the confidential information provided to it or its representatives by the Seller or the Company prior to the Closing in connection with this Agreement and the terms hereof, shall be deemed confidential information and shall be used by the Buyer only in connection with the Transactions and for no other purpose.

Section 6.5 Preservation of Records; Post-Closing Cooperation.

(a) At the Closing, all of the books and records of the Company will be in the possession of the Company. Each party agrees that it shall preserve and keep any records held or controlled by such party relating to the businesses of the Company for the applicable period pursuant to any applicable Law after the Closing Date and shall make such records and personnel available to the other party and its representatives hereto as may be reasonably required by such party in connection with, among other things, any insurance claims by, suits, actions, claims, or proceedings against or governmental investigations of any party, or in order to enable any party to comply with its obligations under this Agreement, applicable Law or any other agreement, document or instrument contemplated hereby.

(b) After the Closing, the Seller shall not, nor permit any of its agents or representatives to use, publish or disclose to any third party any document, databases or other media embodying any confidential or proprietary information relating to the Company's asset or business. Following the Closing, the Seller shall promptly take all commercially reasonable steps to ensure that such documents, databases or other media embodying any such confidential or proprietary information of the Company are destroyed or delivered to the Buyer, within thirty (30) days after the Closing.

Section 6.6 Fees and Expenses. Except as otherwise expressly provided herein, (a) the Buyer shall pay its own fees, costs and expenses incurred in connection herewith and the Transactions and (b) the Seller shall pay their own fees, costs and expenses incurred in connection herewith and the Transactions.

Section 6.7 No Solicitation. Until the earlier of the Closing or the termination of this Agreement pursuant to Article IX, the Seller shall not, and shall use Commercially Reasonable Efforts to cause the Company not to, initiate, knowingly solicit or knowingly encourage any inquiries or the making of any proposal or offer with respect to a sale of all or substantially all of the assets of the Company, or a merger, consolidation, business combination, sale of capital stock or other equity securities of the Company, or the liquidation or similar extraordinary transaction with respect to the Company.

Section 6.8 Advise of Changes. Each of the parties shall give prompt notice to the other upon becoming aware of (a) the occurrence, or failure to occur, of any event or other development which would be likely to cause any representation or warranty of such party contained in this Agreement or any Transaction document to be untrue or inaccurate in any

respect and (b) any failure on its part to comply with or satisfy in any respect any covenant, condition or agreement to be complied with or satisfied by it under any transaction document on or prior to the Closing Date. The notifying party will use its commercially reasonable efforts to prevent or promptly remedy any matter which is or would be the subject of any such notice. Except as set forth in Section 11.16(g) with respect to any notices regarding information contained in a Disclosure Schedule update, no notice pursuant to this Section 6.8 shall be deemed to amend or otherwise modify or affect any representations or warranties, covenants, obligations, agreements or conditions set forth herein, amend any schedule hereto or limit or otherwise affect any available remedies.

Section 6.9 Employee Matters.

(a) Buyer will cause the Company to continue to employ, as of the Closing Date, each of the employees of the Company who are employed (including those who are actively employed or absent due to vacation, holiday, layoff, illness, leave, short-term disability, or other permitted absence from employment) immediately prior to the Closing Date. Employees who (i) continue in such employment with the Company or (ii) who accept such an offer of employment by Buyer or one of its Affiliates (including the Company) are herein referred to as "Continued Employees." From and after the Closing Date, any right to reemployment for any Continued Employees who are on long-term disability as of immediately prior to the Closing Date shall be the obligation of Seller and its Affiliates and not of Buyer and its Affiliates. Further, the provisions of this Section 6.9 are for the sole benefit of the parties to this Agreement and nothing herein, expressed or implied, is intended or shall be construed to constitute an amendment to any of the compensation and benefit plans maintained for or provided to the Continued Employees prior to or following the Closing Date, or to confer upon or give to any person (including for the avoidance of doubt any current or former directors, officers, owners, employees, or independent contractors of the Company) any legal or equitable rights or remedies with respect to the matters provided for in this Section 6.9 or any other provision of this Agreement. The Buyer shall be responsible for all severance, termination and other costs arising from or related to the termination by the Buyer or the Company after the Closing of any Continued Employees. Notwithstanding anything herein to the contrary, the Buyer shall provide each Continued Employee full credit for previous periods of service by such Continued Employee to the Company or its Affiliates prior to the Closing. The Sellers shall be solely responsible to provide severance benefits based on the Sellers' severance plans and policies to any employees of the Company whose employment is terminated prior to Closing.

(b) The Buyer will provide or will cause the Company to provide to each Continued Employee, for a period of one year following the Closing Date, employee benefits which are no less favorable in the aggregate to those employee benefits provided to the Continued Employees by the Sellers as of the Closing Date.

(c) As of the Closing Date, all Continued Employees shall cease to be covered under the employee benefit plans (as such term is defined in the Employee Retirement Income Security Act of 1974, as amended, "ERISA") of the Seller and its Affiliates (each a "Seller Plan"), as set forth in Section 4.16(c) of the Disclosure Schedule, and shall be permitted to participate in the plans, programs and arrangements of the Buyer and its Affiliates relating to compensation and employee benefits (each a "Buyer Plan"). The Sellers shall retain all Seller Plans and all

obligations and liabilities that arise thereunder prior to Closing or otherwise under any Seller Plan. The Seller shall retain all obligations and liabilities to pay or provide severance compensation or benefits to any Continued Employee or former Continued Employee (i) that become due solely as a result of the consummation of the Transactions contemplated by this Agreement or (ii) under any employment agreement in respect of a right that first arose and vested (including, without limitation, the occurrence of circumstances constituting “good reason” to terminate employment or like concepts, regardless of whether or not such right has been exercised prior to the Closing Date) prior to the Closing Date.

(d) COBRA. Effective as of the Closing Date, the Buyer will be solely responsible and liable for satisfying the continuation coverage requirements for group health plans under Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Code (“COBRA”) and similar state Laws for all former employees of the Company (and their respective beneficiaries and dependents) whose “qualifying event” under COBRA first occurs after the Closing Date. The Sellers and the Seller Plans shall remain liable to provide COBRA continuation coverage, or coverage under similar state Laws, after Closing to all current and former employees of the Company (and their respective beneficiaries and dependents) who are receiving COBRA continuation coverage as of the Closing Date or who are entitled to elect such coverage on account of a qualifying event occurring prior to or on the Closing Date.

(e) Flexible Benefit Plans. As of the Closing Date, the Buyer shall allow Continued Employees who participated in the flexible benefit plan pursuant to Section 125 of the Internal Revenue Code of 1986, as amended sponsored by an Affiliate of the Seller immediately prior to the Closing Date to participate in Buyer’s Internal Revenue Code Section 125 flexible benefit plan. To the extent permitted under the Sellers’ and the Buyer’s flexible benefit plans, the Sellers shall transfer to the Buyer’s flexible benefit plan, and the Buyer shall cause the Buyer’s flexible benefit plan to accept and assume, the health care and dependent care account balances (and related Liabilities) and participant elections as of the Closing Date under the Sellers’ flexible benefit plan with respect to Continued Employees, subject to any dollar maximums established under the Buyer’s Internal Revenue Code Section 125 flexible benefit plan for such accounts and annual elections.

(f) The Buyer will use reasonable best efforts to provide that Buyer’s employee welfare benefit plans (within the meaning of Section 3(1) of ERISA) and other employee welfare benefit or fringe benefit arrangements (collectively, “Welfare Benefit Plans”) will credit each Continued Employee of the Company with the same service and any other item credited to or otherwise accumulated for the benefit of such employee under the corresponding Seller Welfare Benefit Plans immediately prior to the Closing Date, including service credited for waiting periods and amounts credited toward any medical or health insurance deductible or co-payments.

(g) Effective as of the Closing Date, the Seller shall cause the Company to cease being a participating employer with respect to the Seller Plans so that each Continued Employee shall cease to participate in the Seller Plans. The Seller or its Affiliates shall be liable for all claims for benefits incurred by Continued Employees under Seller Plans that are Welfare Benefit Plans arising out of occurrences on or prior to the Closing Date. The Buyer or its Affiliates shall be liable for claims for benefits, including short-term disability benefits and workers’

compensation benefits, by Continued Employees arising out of occurrences subsequent to the Closing Date.

(h) From and after the Closing Date, none of the Sellers or their Affiliates, any Seller Welfare Benefit Plan (as defined above) or any trust thereunder will have any liability in respect of any (i) Buyer Welfare Benefit Plan or (ii) claims, benefits and entitlements of Continued Employees under the Buyer's Welfare Benefit Plans, and no Continued Employees shall be eligible for benefits under the Seller Welfare Benefit Plans.

Section 6.10 Settlement Compensation.

Buyer may decide, in its sole discretion, to seek rate recovery for the Settlement Compensation. Should Buyer be granted rate recovery of the Settlement Compensation, Buyer shall pay Seller such Settlement Compensation on an annual basis by January 10 of each year for such portion of the Settlement Compensation recovered in rates from the previous calendar year.

ARTICLE VII. TAX MATTERS

Section 7.1 Tax Filings. The Seller shall cause the Company to file all Tax returns due on or prior to the Closing Date. The Buyer shall be responsible for preparing and shall cause the Company to file all Tax returns that are due after the Closing Date; provided, however, that the Seller shall have the right to review and approve any such Tax return which relates to a Pre-Closing Tax Period (a draft copy of which shall be provided to the Seller not later than fifteen (15) Business Days prior to the applicable due date thereof). All Tax returns that are filed pursuant to this Section 7.1, in the absence of a controlling change in any Law or circumstances, shall be prepared on a basis consistent with the elections, accounting methods, conventions and principles of taxation used for the most recent taxable periods for which Tax returns have been filed and in a manner that does not accelerate deductions or defer income between Tax periods, except as otherwise required by any applicable Law.

Section 7.2 Straddle Period Taxes.

(a) Taxes relating to a Straddle Period shall be allocated to the Pre-Closing Tax Period or Post-Closing Tax Period for purposes of determining the portion of such Taxes that are Pre-Closing Taxes as follows: Taxes allocable to the portion of the Straddle Period that ends on the Closing Date shall: (i) in the case of Taxes that are based upon or related to income or receipts, or imposed on a transactional basis, be deemed equal to the amount of Tax that would be payable if the Tax year or period ended on the Closing Date; and (ii) in the case of other Taxes, determined by allocating such Taxes between the Pre-Closing Tax Period and Post-Closing Tax Period on a per diem basis. For purposes of clause (i) of the preceding sentence, any exemption, deduction, credit or other item that is calculated on an annual basis shall be allocated pro rata per day between the period ending on the Closing Date and the period beginning after the Closing Date. The parties hereto will, to the extent permitted by applicable law, elect with the relevant Tax authority to treat a portion of any Straddle Period as a short taxable period ending as of the close of business on the Closing Date.

(b) Following the Closing, the Seller and the Buyer will cooperate with each other, as and to the extent reasonably requested by the other, in the preparation of any Tax returns with respect to any Straddle Period and in the conduct of any audit or other proceeding related to Taxes with respect to any Straddle Period involving or relating to the Company (which cooperation will include the retention and, upon request, the provision to the requesting party of records and information which are reasonably relevant to the preparation of such Tax return or to the conduct of such audit or other proceeding). The Buyer will promptly provide the Seller with written notification (an “Audit Notice”) of any notice of any Tax audits or other assessments against the Company involving any Pre-Closing Tax Periods.

(c) The Seller shall control and participate in all proceedings taken in connection with the conduct of any audit or other proceeding related to Pre-Closing Taxes (other than Taxes relating to a Straddle Period) and any settlement thereof and will reasonably consult with the Buyer prior to any settlement thereof.

(d) The Seller and the Buyer will jointly control and participate in all proceedings taken in connection with the conduct of any audit or other proceeding related to Taxes of any of the Company for any Straddle Period. Neither the Seller nor the Buyer will settle any assessment or claim made by any Governmental Authority in any such audit or other proceeding without the prior written consent of the other (which consent will not be unreasonably withheld, conditioned or delayed).

Section 7.3 Post-Closing Actions; Refunds.

(a) Post-Closing Actions. Except as may be required by Law, the Buyer shall not, and shall not cause or permit the Company to, (i) take any action during any Straddle Period or in any audit or other proceeding relating to a Pre-Closing Tax Period, outside of the ordinary course of business consistent with past practice (including prior to the Closing), or make any election, that could increase the Seller’s liability for Taxes (including any liability of the Seller to indemnify the Buyer for Taxes pursuant to this Agreement) or (ii) amend, re-file or otherwise modify any Tax return for any period that includes, or ends on or prior to, the Closing Date, in each case, without the Seller’s prior written approval (which shall not be unreasonably withheld, conditioned or delayed).

(b) Refunds. Any refunds or credits of Taxes paid by, for or on behalf of the Company relating to any Pre-Closing Tax Period (plus any interest actually received with respect thereto and including refunds or credits arising from amended Tax returns filed on or after the Closing Date) shall be for the Seller’s account and, if received by the Buyer or its Affiliates, shall be paid to the Seller within five (5) Business Days after received by the Buyer or such Affiliate; provided, that such refunds or credits of Taxes shall be for the Seller’s account only if and to the extent that the Tax liability to which the refund or credit relates was paid by the Company prior to the Closing Date or paid (or actually indemnified) by the Seller.

ARTICLE VIII. CONDITIONS PRECEDENT

Section 8.1 Conditions to Each Party's Obligation to Effect the Transactions. The respective obligations of each party hereto to effect the Transactions shall be subject to the satisfaction (or waiver, if permissible under applicable Law) on or prior to the Closing Date of the following conditions:

(a) Governmental Consents. The consents, approvals, orders or authorizations of, or registrations, declarations or filings with, any Governmental Authority set forth in Section 8.1(a) of the Disclosure Schedule required in connection with the execution, delivery or performance hereof by the parties hereto shall have been made or obtained; and

(b) No Injunctions or Restraints. No Law, injunction, judgment or ruling enacted, promulgated, issued, entered, amended or enforced by any Governmental Authority (collectively, "Restraints") shall be in effect enjoining, restraining, preventing or prohibiting consummation of the Transactions or making the consummation of the Transactions illegal.

Section 8.2 Conditions to Obligations of the Buyer. The obligations of the Buyer to effect the Transactions are further subject to the satisfaction (or waiver, if permissible under applicable Law) on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties.

(i) The representations and warranties of the Seller regarding the Seller and the Company contained in Articles III and IV of this Agreement (other than as set forth in Section 8.2(a)(ii)) shall be true and correct as of the Closing Date as if made on and as of the Closing Date (or, if given as of a specific date, at and as of such date), except (x) for changes permitted by this Agreement or (y) where the failure or failures to be so true and correct, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

(ii) The representations and warranties of the Seller contained in Sections 3.1 (Corporate Existence; Standing), 3.2 (Authorization), 3.3 (Noncontravention) (other than clause (c) thereof), 3.4 (Share Ownership), 3.7 (Brokers), 4.1 (Organization, Standing and Corporate Power), 4.2 (Capitalization of the Company), 4.3 (Noncontravention) (other than clause (c) thereof) and 4.17 (Brokers) (collectively, the "Seller Fundamental Representations") shall be true and correct in all respects as of the Closing Date as if made on and as of the Closing Date (or, if given as of a specific date, at and as of such date).

(b) Performance of Obligations of the Seller. The Seller shall have performed in all material respects all obligations required to be performed by the Seller under this Agreement at or prior to the Closing Date.

(c) Seller Certificate. The Buyer shall have received a certificate signed on behalf of the Seller by an executive officer of the Seller certifying that the conditions set forth in Sections 8.2(a) and (b) as they relate to the representations, warranties and covenants have been satisfied.

(d) Litigation. There shall be no pending or threatened litigation against the Buyer, the Seller or the Company that challenges the validity of the transfer of the Shares.

(e) Subsequent Events. There shall not exist any condition, circumstance or state of facts, and there shall not have been (or reasonably be expected to occur) any event, occurrence, change, development or circumstance, which has had or would reasonably be expected to have a Material Adverse Effect.

Section 8.3 Conditions to Obligations of the Seller. The obligations of the Seller to effect the Transactions are further subject to the satisfaction (or waiver by the Seller, if permissible under applicable Law) on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties.

(i) The representations and warranties of the Buyer contained in Article V of this Agreement (except as set forth in Section 8.3(a)(ii)) shall be true and correct in all material respects, in each case as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except where the failure or failures to be so true and correct, individually or in the aggregate, would not reasonably be expected to impair in any material respect the ability of the Buyer to perform its obligations under this Agreement or prevent or materially delay consummation of the Transactions;

(ii) The representations and warranties made by the Buyer contained in Sections 5.1 (Corporate Existence; Standing), 5.2 (Authorization), 5.3 (Noncontravention) (other than clause (c) thereof) and 5.7 (Brokers) (collectively, the "Buyer Fundamental Representations") shall be true and correct in all respects as of the Closing Date as if made on and as of the Closing Date;

(b) Performance of Obligations of the Buyer. The Buyer shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date; and

(c) Officer's Certificate. The Seller shall have received a certificate signed on behalf of the Buyer by an executive officer of the Buyer certifying that the conditions set forth in Sections 8.3(a) and (b) have been satisfied.

ARTICLE IX. TERMINATION

Section 9.1 Termination. This Agreement may be terminated and the Transactions abandoned at any time prior to the Closing (subject to the last sentence of this Section 9.1):

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

(b) by the Seller or the Buyer:

(i) if the Closing Date does not occur on or before January 4, 2015 (the "Walk-Away Date"); provided, however, that the right to terminate this Agreement under

this Section 9.1(b)(i) shall not be available to a party if the failure of the Closing Date to occur on or before the Walk-Away Date was primarily due to the failure of such party to perform any of its obligations under this Agreement; provided, further, that if on the initial Walk-Away Date the conditions to the Closing set forth in Section 8.1 have not been fulfilled, but all other conditions to the Closing have been fulfilled or are capable of being fulfilled at the Closing, then the Walk-Away Date shall be extended until April 4, 2015 or such other date as the Seller and the Buyer mutually agree in writing; or

(ii) if any Restraint having the effect set forth in Section 8.1(b) shall be in effect and shall have become final and non-appealable;

(c) by the Buyer, if the Seller shall have materially breached any of its representations, warranties, covenants or agreements set forth in this Agreement, which breach (x) would give rise to the failure of a condition set forth in Section 8.2 and (y) cannot be cured by the Seller by the Walk-Away Date;

(d) by the Seller, if the Buyer shall have materially breached any of its representations, warranties, covenants or agreements set forth in this Agreement, which breach (x) would give rise to the failure of a condition set forth in Section 8.3 and (y) cannot be cured by the Buyer by the Walk-Away Date; or

(e) by the Seller or the Buyer, if the PSC Approval has been issued and become final and non-appealable containing conditions which would have a Material Adverse Effect on the Company or a material adverse effect on the Buyer (other than the Company); provided, that such conditions cannot be cured by the Seller or the Buyer within forty-five (45) days of the issuance of the PSC Approval.

Section 9.2 Effect of Termination. In the event of the termination of this Agreement as provided in Section 9.1, written notice thereof shall be given to the other party, specifying the provision hereof pursuant to which such termination is made and this Agreement shall forthwith become null and void (other than Sections 6.4, 6.6 and this Section 9.2) and there shall be no liability on the part of the Buyer or the Seller or their respective directors, officers and Affiliates, except nothing shall relieve any party from liability for fraud or any breach of this Agreement.

ARTICLE X. INDEMNIFICATION

Section 10.1 Indemnification by the Seller. Subject to Sections 10.4, 10.5 and 10.6, following the Closing, the Seller will indemnify, defend and hold harmless the Buyer from and against, and pay or reimburse, as the case may be, the Buyer for any and all Damages incurred by the Buyer based upon or arising out of:

(a) the breach by the Seller of any representations and warranties contained in Articles III and IV, provided, however, that for the sole purpose of determining the amount of Damages to which the Buyer is entitled to indemnification under this Section 10.1(a) (and not for determining whether any breach of any representation or warranty has occurred), references to materiality or to Material Adverse Effect in such representations and warranties shall be disregarded;

(b) the breach by the Seller of any covenant or agreement of the Seller contained in this Agreement; and

(c) Company's indemnification of Keene Propane Corporation pursuant to Section 12 of the Supply Agreement, but excluding any Damages arising from: (i) the conduct of propane air production activities on the Property (as defined in the Supply Agreement) on or after the Closing, (ii) the acts or negligence of the Buyer, the Company, or their respective employees, agents, contractors or subcontractors on or after the Closing, and/or (iii) the Buyer's or Company's operation of the Distribution System (as defined in the Supply Agreement) on or after the Closing.

Notwithstanding anything else in this Agreement to the contrary, following the Closing, the Seller will indemnify, defend and hold harmless the Buyer and its Affiliates and their respective directors, officers, employees and contractors from and against, and pay or reimburse, as the case may be, the Buyer for any and all reasonable Damages directly or indirectly incurred by the Buyer based upon, arising out of or related to that certain litigation matter set forth on Schedule 10.1 of the Disclosure Schedule; provided, however, that legal fees and expenses of Buyer and its Affiliates shall be (i) limited to the reasonable fees and expenses of one outside counsel and (ii) deemed to be Damages for purposes of this sentence only to the extent that Buyer or any of its Affiliates is legally obligated to participate in, or respond to, such litigation matter. For greater clarity, the immediately preceding sentence shall: (a) survive indefinitely and shall not be subject to the limitations set forth in Sections 10.4, 10.5 and 10.6; and (b) also apply to Buyer or any of its Affiliates being subpoenaed to provide documents or testimony in connection with that certain litigation matter set forth on Schedule 10.1 of the Disclosure Schedule.

Section 10.2 Indemnification by the Buyer. Subject to Sections 10.4, 10.5 and 10.6, following the Closing, the Buyer will indemnify, defend and hold harmless the Seller from and against, and pay or reimburse, as the case may be, the Seller for any and all Damages incurred by the Seller based upon or arising out of:

(a) the breach by the Buyer of any representations and warranties contained in Article V, provided, however, that for the sole purpose of determining the amount of Damages to which the Seller is entitled to indemnification under this Section 10.2(a) (and not for determining whether any breach of any representation or warranty has occurred), references to materiality or to Material Adverse Effect in such representations and warranties shall be disregarded; and

(b) the breach by the Buyer of any covenant or agreement of the Buyer contained in this Agreement.

Section 10.3 Indemnification Procedures.

(a) If any claim or demand is made against an Indemnified Party with respect to any matter, or any Indemnified Party shall otherwise learn of an assertion or of a potential claim, by any Person who is not a party to this Agreement (or an Affiliate thereof) which may give rise to a claim for indemnification against an Indemnifying Party under this Agreement (a "Third Party Claim"), then the Indemnified Party will, as promptly as practicable, but in any event, no later than three (3) Business Days after becoming aware of such Third Party Claim, notify the

Indemnifying Party in writing and in reasonable detail of the Third Party Claim, including the factual basis for the Third Party Claim and, to the extent known, the amount of the Third Party Claim; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party will affect the Indemnifying Party's obligations under this Article X, except to the extent the Indemnifying Party is actually prejudiced as a result thereof (except that the Indemnifying Party will not be liable for any expenses incurred during the period in which the Indemnified Party failed to give such notice). Thereafter, the Indemnified Party will deliver to the Indemnifying Party, promptly after the Indemnified Party's receipt thereof, copies of all non-ministerial notices and documents (including court papers) received or transmitted by the Indemnified Party relating to the Third Party Claim.

(b) The Indemnifying Party will have the right to participate in or to assume the defense of any Third Party Claim (in either case at the expense of the Indemnifying Party) with counsel of its choice reasonably satisfactory to the Indemnified Party. The Indemnifying Party will be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has failed to assume the defense thereof (other than during any period in which the Indemnified Party shall have failed to give notice of the Third Party Claim as provided above). Should the Indemnifying Party so elect to assume the defense of a Third Party Claim, the Indemnifying Party will not be liable to the Indemnified Party for any legal or other expenses subsequently incurred by the Indemnified Party in connection with the defense thereof; provided, however, that, if the Indemnifying Party and the Indemnified Party reasonably agree that a conflict of interest exists in respect of such claim, such Indemnified Party will have the right to employ separate counsel reasonably satisfactory to the Indemnifying Party to represent such Indemnified Party and in that event the reasonable fees and expenses of such separate counsel (but not more than one separate counsel for all Indemnified Parties) shall be paid by the Indemnifying Party. If the Indemnifying Party is conducting the defense of the Third Party Claim, the Indemnified Party, at its sole cost and expense, may retain separate counsel and participate in the defense of the Third Party Claim, it being understood that the Indemnifying Party will control such defense and any such counsel shall cooperate with the legal counsel of the Indemnifying Party.

(c) No Indemnifying Party will consent to any settlement, compromise or discharge (including the consent to entry of any judgment) of any Third Party Claim without each Indemnified Party's prior written consent (which consent will not be unreasonably withheld, conditioned or delayed); provided that if the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnified Party will agree to any settlement, compromise or discharge of such Third Party Claim which the Indemnifying Party may recommend and which by its terms unconditionally releases the Indemnified Party completely from all liability in connection with such Third Party Claim; provided, however, that the Indemnified Party may refuse to agree to any such settlement, compromise or discharge that provides for injunctive or other nonmonetary relief affecting the Indemnified Party. Whether or not the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnified Party will not and will cause its Affiliates not to, admit any liability, consent to the entry of any judgment or agree to any settlement, compromise or discharge with respect to any Third Party Claim without the prior written consent of the Indemnifying Party.

(d) If the Indemnifying Party assumes the defense of any Third Party Claim, the Indemnifying Party will keep the Indemnified Party reasonably informed of all material developments relating to or in connection with such Third Party Claim. If the Indemnifying Party chooses to defend a Third Party Claim, the Indemnified Party will cooperate in the defense thereof (and the Indemnifying Party will reimburse the Indemnified Party for all reasonable out-of-pocket expenses incurred by the Indemnified Party in connection with such cooperation), which cooperation will include the provision to the Indemnifying Party of records and information which are reasonably relevant to such Third Party Claim and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder, but shall not include the retention of separate legal counsel.

(e) Any claim on account of Damages for which indemnification is provided under this Agreement that does not involve a Third Party Claim will be asserted by reasonably prompt written notice given by the Indemnified Party to the Indemnifying Party from whom such indemnification is sought and, in any event, prior to the end of the applicable survival period set forth in Section 10.5. The delay by any Indemnified Party to so notify the Indemnifying Party will not affect the Indemnifying Party's obligations under this Article X, except to the extent that the Indemnifying Party is actually prejudiced as a result thereof.

(f) In connection with any matter for which a claim or demand is made against an Indemnified Party under this Agreement, the Indemnified Party shall use Commercially Reasonable Efforts to provide the Indemnifying Party with reasonable and necessary access to all documents, data, products, product exemplars and knowledgeable personnel of the Indemnified Party and its Affiliates relevant to any such matter (and the Indemnifying Party will reimburse the Indemnified Party for all reasonable out-of-pocket expenses incurred by the Indemnified Party in connection with such access). Without limiting the generality of the foregoing, the Indemnified Party shall use Commercially Reasonable Efforts to, and shall use Commercially Reasonable Efforts to cause its Affiliates to, provide employees to act as witnesses, prepare and execute statements, authorizations, orders, reports and other documents and information and provide such other assistance, in each case that is reasonably requested by the Indemnifying Party in connection with any matter for which a claim or demand is made against an Indemnified Party under this Agreement, including in anticipation of, or preparation for, existing or future litigation or other matters in which the Indemnifying Party or any of its Affiliates is involved.

(g) In the event of payment in full by an Indemnifying Party to any Indemnified Party in connection with any claim (an "Indemnified Claim"), such Indemnifying Party will be subrogated to and will stand in the place of such Indemnified Party as to any events or circumstances in respect of which such Indemnified Party may have any right or claim relating to such Indemnified Claim against any claimant or plaintiff asserting such Indemnified Claim or against any other Person. Such Indemnified Party will cooperate with such Indemnifying Party in a reasonable manner and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right or claim.

Section 10.4 Certain Limitations.

(a) The amount which an Indemnifying Party is or may be required to pay to an Indemnified Party in respect of Damages for which indemnification is provided under this

Agreement will be reduced by any amounts actually received (including amounts received under insurance policies) by or on behalf of the Indemnified Party from third parties (net of out-of-pocket costs and expenses (including reasonable legal fees and expenses) incurred by such Indemnified Party in connection with seeking to collect and collecting such amounts), in respect of such Damages (such net amounts are referred to herein as “Indemnity Reduction Amounts”). If any Indemnified Party receives any Indemnity Reduction Amounts in respect of an Indemnified Claim for which indemnification is provided under this Agreement after the full amount of such Indemnified Claim has been paid by an Indemnifying Party or after an Indemnifying Party has made a partial payment of such Indemnified Claim and such Indemnity Reduction Amounts exceed the remaining unpaid balance of such Indemnified Claim, then the Indemnified Party will promptly remit to the Indemnifying Party an amount equal to the excess (if any) of (i) the amount theretofore paid by the Indemnifying Party in respect of such Indemnified Claim less (ii) the amount of the indemnity payment that would have been due if such Indemnity Reduction Amounts in respect thereof had been received before the indemnity payment was made. An insurer or other third party who would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of the indemnification provisions hereof, have any subrogation rights with respect thereto, it being expressly understood and agreed that no insurer or any other third party shall be entitled to any benefit they would not be entitled to receive in the absence of the indemnification provisions by virtue of the indemnification provisions hereof. The Seller and the Buyer will, and will use Commercially Reasonable Efforts to cause their respective representatives to, pursue promptly any claims or rights it may have against all third parties which would reduce the amount of Damages for which indemnification is provided under this Agreement.

(b) Anything contained in this Agreement to the contrary notwithstanding, the Seller will have no obligation to indemnify the Buyer with respect to any matter if the Damages arise from a change in the accounting or Tax policies or practices of the Company on or after the Closing Date.

(c) Anything contained in this Agreement to the contrary notwithstanding, neither the Buyer nor the Seller will be entitled to any recovery under this Agreement for special, punitive, exemplary, incidental, indirect or consequential damages, lost profits or diminution in value.

Section 10.5 Survival; Termination of Indemnification Obligations.

(a) The representations and warranties of the Seller and the Buyer contained in Articles III, IV and V will survive the Closing Date until (and will expire and be of no further force or effect after) the date that is twelve (12) months after the Closing Date; provided, however, that the representations and warranties set forth in Section 4.10 (Tax Matters) will survive the Closing Date until the two (2)-year anniversary of the Closing Date and (ii) the Seller Fundamental Representations and the Buyer Fundamental Representations will survive the Closing Date until the five (5)-year anniversary of the Closing Date. Any covenant contained in this Agreement that, by its terms, provides for performance after the Closing Date shall survive until such covenant is performed.

(b) For purposes of this Agreement or contained in or made pursuant to any closing certificate or other instrument or agreement, a party's representations and warranties shall be

deemed to include such party's Disclosure Schedule and all other documents or certificates delivered by or on behalf of such party pursuant to in connection with this Agreement.

(c) The obligations of each party to indemnify, defend and hold harmless the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable, pursuant to Sections 10.1 and 10.2 will terminate when the applicable representation, warranty or covenant expires pursuant to Section 10.5(a); provided, however, that such obligations to indemnify, defend and hold harmless will not terminate with respect to any individual item as to which an Indemnified Party shall have, before the expiration of the applicable period, previously made a claim by delivering a notice (stating in reasonable detail the basis of such claim) to the applicable Indemnifying Party.

Section 10.6 Dollar Limitations.

(a) Anything contained in this Agreement to the contrary notwithstanding, in no event will the aggregate amount for which any party shall be responsible to indemnify the other party for any and all claims (other than for claims relating to any breach of the Company's representations in Sections 4.11(a), 4.11(f) and Section 10.1(c)) under this Agreement exceed, and such party's aggregate liability to the other party for any and all claims under this Agreement shall be limited to, an amount equal to ten percent (10%) of the Base Purchase Price (the "General Claims Cap"). Notwithstanding the foregoing sentence, in no event will the aggregate amount for which the Seller shall be responsible to indemnify the Buyer for any and all claims relating to any breach of the Company's representations in Sections 4.11(a) and 4.11(f) or the obligations relating to Section 10.1(c) exceed, and the Seller's aggregate liability to the Buyer for any and all such claims under this Agreement shall be limited to, an amount equal to twenty percent (20%) of the Base Purchase Price (the "Environmental Claims Cap"). For the avoidance of doubt, the Environmental Claims Cap shall be mutually exclusive with, and in addition to, the General Claims Cap.

(b) Anything contained in this Agreement to the contrary notwithstanding, no monetary amount will be payable by the Seller to the Buyer with respect to the indemnification of any claims pursuant to Section 10.1 until the aggregate amount of Damages actually incurred by the Buyer with respect to such claims against the Seller shall exceed on a cumulative basis an amount equal to \$50,000 (the "Seller Threshold"), in which event the Seller shall be responsible only for the amount of Damages in excess of the Seller Threshold. In addition, the Seller will not be responsible for making payments with respect to Damages for any individual items pursuant to Section 10.1 where the aggregate Damages relating thereto are less than \$5,000 and such items shall not be aggregated for purposes of determining whether aggregate Damages incurred by the Buyer exceed the Seller Threshold. In connection with any claim for indemnification under Section 10.1, the Buyer will promptly provide the Seller with written notice of all claims included in the Seller Threshold and copies of all documents reasonably requested by the Seller relating thereto.

(c) Anything contained in this Agreement to the contrary notwithstanding, no monetary amount will be payable by the Buyer to the Seller with respect to the indemnification of any claims pursuant to Section 10.2 until the aggregate amount of Damages actually incurred by the Seller with respect to such claims against the Buyer shall exceed on a cumulative basis an

amount equal to \$50,000 (the “Buyer Threshold”), in which event the Buyer (as applicable) shall be responsible only for the amount of Damages in excess of the Buyer Threshold. In addition, the Buyer will not be responsible for making payments with respect to Damages for any individual items pursuant to Section 10.2 where the aggregate Damages relating thereto are less than \$5,000 and such items shall not be aggregated for purposes of determining whether aggregate Damages incurred by the Seller exceed the Buyer Threshold. In connection with any claim for indemnification under Section 10.2, the Seller will promptly provide the Buyer with written notice of all claims included in the Buyer Threshold and copies of all documents reasonably requested by the Buyer relating thereto.

Section 10.7 Exclusive Remedy. To the fullest extent permitted by applicable Law, the indemnification provided in this Article X and specific performance pursuant to Section 11.17 shall be the sole and exclusive remedies available to each of the parties for any matters in connection with this Agreement and the Transactions following the Closing, other than any remedies for fraud.

ARTICLE XI. MISCELLANEOUS

Section 11.1 No Other Representations or Warranties.

(a) The parties acknowledge and agree that except for the representations and warranties made by the Seller in Articles III and IV and by the Buyer in Article V hereof, none of the Seller or the Buyer (nor any Person on behalf of any of them) make any representation or warranty, express or implied, at law or in equity, with respect to the Company, or its or their respective businesses, operations, assets, liabilities, condition (financial or otherwise), prospects (financial or otherwise) or risks, including with respect to merchantability or fitness for any particular purpose, or with respect to any financial projections or forecasts, notwithstanding the delivery or disclosure to the Buyer or any of its Affiliates or representatives of any documentation, forecasts or other information with respect to any one or more of the foregoing. Except as otherwise expressly provided herein, the Company is being transferred “as is, where is and with all faults.” Any claims the Buyer may have for breach of representation or warranty in connection with the Transactions shall be based solely on the representations and warranties set forth in Articles III and IV and any such other representations and warranties are hereby disclaimed. The parties further acknowledge and agree that none of the Seller (nor any Person on behalf of the Seller) has made any representation or warranty, express or implied, at law or in equity, as to the accuracy or completeness of any information regarding the Company or the Transactions not expressly set forth in this Agreement, and none of the Seller, or any of their respective Affiliates, or any other Person will have or be subject to any liability to the Buyer, any of its representatives or any other Person resulting from the distribution to the Buyer or its representatives or the Buyer’s use of any such information, including any document or information in any form provided to the Buyer or its representatives in connection with the Transactions.

(b) With respect to any projection or forecast delivered by or on behalf of the Seller, the Company or any of their respective representatives to the Buyer or any of its representatives, the Buyer acknowledges that (i) there are uncertainties inherent in attempting to make such

projections and forecasts, (ii) the Buyer is familiar with such uncertainties, (iii) the Buyer is taking full responsibility for making its own evaluation of the adequacy and accuracy of all such projections and forecasts so delivered, and (iv) none of the Buyer or its representatives or any other Person shall have any claim against the Seller or any of its representatives or any other Person with respect thereto. The Buyer further acknowledges that it has expertise in the business of distributing natural gas liquids and understands the risks and uncertainties in connection with such business.

Section 11.2 Amendment or Supplement. This Agreement may be modified, altered, amended or supplemented in any and all respects, only by written agreement of each of the parties hereto.

Section 11.3 Extension of Time, Waiver, Etc. At any time prior to the Closing Date, any party may, subject to applicable Law, (a) waive any inaccuracies in the representations and warranties of any other party hereto, (b) extend the time for the performance of any of the obligations or acts of any other party hereto or (c) waive compliance by the other party with any of the agreements contained herein or, except as otherwise provided herein, waive any of such party's conditions. Notwithstanding the foregoing, no failure or delay by any Seller or the Buyer in exercising any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right hereunder. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

Section 11.4 Assignment. Except to an Affiliate, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of Law or otherwise, by any party hereto without the prior written consent of the other party. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of and be enforceable by, the parties hereto and their respective successors and permitted assigns. Any purported assignment not permitted under this Section 11.4 shall be null and void.

Section 11.5 Counterparts. This Agreement may be executed in counterparts (each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement). This Agreement may be executed by facsimile, PDF and/or electronic transmission signature which shall constitute a legal and valid signature for purposes hereof.

Section 11.6 Entire Agreement; No Third-Party Beneficiaries. This Agreement, including the Disclosure Schedule, the exhibits hereto, the documents and instruments relating to the Transactions referred to herein and the Confidentiality Agreement (a) constitute the entire agreement and supersede all other prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof and (b) are not intended to and shall not be construed to confer upon any Person, other than the parties hereto any rights, benefits, privileges or remedies under or by reason of this Agreement.

Section 11.7 Governing Law. This Agreement shall be governed by and interpreted under the laws of the State of New York (without regard to its principles of conflicts of laws which would result in the application of the laws of another jurisdiction).

Section 11.8 Arbitration.

(a) The parties shall endeavor to resolve amicably by negotiation any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, and also including claims sounding in contract, tort, statutory or otherwise (a “Dispute”). Any Dispute which remains unresolved thirty (30) days after either party requests in writing negotiation under this clause, or within such other period as the parties may agree in writing, shall be finally resolved and decided by binding arbitration pursuant to the then-applicable Rules of Arbitration (the “Rules”) of the International Chamber of Commerce (the “ICC”) by three (3) arbitrators to be selected in the following manner. Within thirty (30) days after the date of the notice initiating arbitration, one arbitrator shall be selected by the petitioning party or parties (the “Claimant”) and one arbitrator shall be selected by the party or parties defending the arbitration (the “Respondent”), within thirty (30) days thereafter, failing which such arbitrator shall be appointed by the ICC pursuant to the Rules. The third arbitrator shall be selected by the two (2) arbitrators selected by the Claimant and the Respondent, or, if such arbitrators cannot agree within thirty (30) days on the third arbitrator, such arbitrator will be selected by the ICC pursuant to the Rules. In the event that there is a Dispute where the amount of all disclosed claims and counterclaims does not exceed \$1,000,000, such Dispute shall be heard by a sole arbitrator appointed in accordance with the Rules. The seat of the arbitration proceeding shall be in New York City, New York. Any party shall refer the Dispute to arbitration by sending a written request to the other party. All communications during the negotiation under this clause shall be confidential and shall be treated as compromise and settlement negotiations for purposes of the applicable rules of evidence and any additional confidentiality and professional secrecy protections provided by applicable Law. The official language of arbitration shall be English. Documents that are originally in Spanish will be submitted with translation.

(b) The decision of the arbitral panel shall be in writing and shall set forth in detail the facts of the Dispute and the reasons for the decision. Each party accepts and consents to the jurisdiction of the arbitral panel and, solely for purposes of the enforcement of the arbitral award, any court of competent jurisdiction, for itself and in respect of its property, and waives in respect of both itself and its property, any defense it may have as to or based on lack of jurisdiction, improper venue or inconvenient forum. The arbitral award shall be binding on the parties, who hereby waive any appeal of such award. In the event that the losing party fails or refuses to comply with the arbitral award within fourteen (14) days following the date of receipt of notice of the award, then the prevailing party or parties, the arbitrators or their respective attorneys-in-fact may immediately proceed to request the judicial approval necessary for execution and enforcement of the award before a competent court or before any other court where such party or its assets and properties may be found, and the parties agree not to oppose the immediate domestication and enforcement of the award in any such court, including without limitation the courts of the United States or any other country. The parties agree that the award may be enforced in accordance with the provisions of the 1958 United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, or other applicable Laws. The arbitral panel shall not have the authority to award punitive damages to any injured party.

(c) The fees and expenses of the arbitrators shall be paid by the parties as determined by the arbitrators. The parties shall each bear the costs and fees of their respective counsel and representatives, irrespective of the outcome of the arbitration.

Section 11.9 Consent to Jurisdiction.

(a) The parties hereto hereby irrevocably submit to the exclusive jurisdiction of any federal or state court located in New York City, New York for the enforcement of any arbitration award rendered pursuant to Section 11.8 hereof. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. THE PARTIES HERETO EXPRESSLY WAIVE TRIAL BY JURY.

(b) Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the delivery of a copy thereof in accordance with the provisions of Section 11.11.

Section 11.10 Service of Process. Any service of process to be made in any action or proceeding arising out of or relating to this Agreement may be made by delivery of process in accordance with the notice provisions contained in Section 11.11 or as otherwise permitted by applicable Law.

Section 11.11 Notices. All notices, requests and other communications to any party hereunder shall be in writing and shall be deemed given if sent by hand delivery or overnight courier, with confirmation of receipt, to the parties at the following addresses:

If to the Buyer, to:

Chief General Counsel
c/o Algonquin Power & Utilities Corp.
2845 Bristol Circle
Oakville, Ontario
Canada, L6H 7H7
E-mail: legal.dept@algonquinpower.com

with a copy (which shall not constitute notice) to:

Liberty Utilities (EnergyNorth Natural Gas) Corp
11 Northeastern Boulevard, Salem NH 03079
Attention: Assistant General Counsel

If to the Seller, to:

Iberdrola USA
52 Farm View Drive
New Gloucester, Maine 04260
Attn: Ignacio Estella
Telephone: 207.688.6324

with a copy (which shall not constitute notice) to:

Iberdrola USA Management Corporation
James A. Carrigg Center, 18 Link Drive
P.O. Box 5224
Binghamton, New York 13902-5224
Attn: Mark V. Dolan
Telephone: 607.762.7743
Facsimile: 607.762.8564

or such other address as such party may hereafter specify by like notice to the other parties hereto. All such notices, requests and other communications shall be deemed received (a) at the time personally delivered, if delivered by hand with receipt acknowledged and (b) at the time received, if sent by overnight courier.

Section 11.12 Severability. If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms, provisions and conditions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable Law in an acceptable manner to the end that the Transactions are fulfilled to the extent possible.

Section 11.13 Definitions.

(a) As used in this Agreement, the following terms have the meanings ascribed thereto below:

“Actual Closing Balance Sheet” shall have the meaning set forth in Section 2.3(a).

“Actual Closing Financial Indebtedness” shall have the meaning set forth in Section 2.3(a).

“Actual Closing Net Working Capital” shall have the meaning set forth in Section 2.3(a).

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. For this purpose, “control” (including, with its correlative meanings, “controlled by” and “under common control with”) shall mean the possession, directly or indirectly, of the power to direct or cause the

direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

“Agreement” shall mean this Stock Purchase Agreement, as amended from time to time.

“Audit Notice” shall have the meaning set forth in Section 7.2(b).

“Balance Sheet Date” shall mean March 31, 2013.

“Bankruptcy and Equity Exception” shall have the meaning set forth in Section 3.2.

“Base Purchase Price” shall have the meaning set forth in Section 2.1.

“Business Day” shall mean a day except (i) a Saturday, a Sunday and (ii) any other day on which banks in the City of New York are authorized or required by Law to be closed.

“Buyer” shall have the meaning set forth in the Preamble.

“Buyer Fundamental Representations” shall have the meaning set forth in Section 8.3(a)(ii).

“Buyer Plan” shall have the meaning set forth in Section 6.9(c).

“Buyer Threshold” shall have the meaning set forth in Section 10.6(c).

“Buyer Welfare Benefit Plans” shall have the meaning set forth in Section 6.9(f).

“Cash” of a Person shall mean collectively any and all (i) cash on hand or cash deposited at a bank or other form of financial institution and (ii) cash equivalents held by such Person, including any unpaid interest accrued with respect thereto.

“CERCLA” shall mean the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

“COBRA” shall mean the Part 6 of Subtitle B of Title I of ERISA and Section 4980B of the Internal Revenue Code, as amended.

“Claimant” shall have the meaning set forth in Section 11.8(a).

“Closing” shall have the meaning set forth in Section 2.4(a).

“Closing Adjustment Amount” shall have the meaning set forth in Section 2.2(b).

“Closing Balance Objection” shall have the meaning set forth in Section 2.3(b).

“Closing Date” shall have the meaning set forth in Section 2.4(a).

“Commercially Reasonable Efforts” shall mean commercially reasonable efforts; provided, that, other than with respect to the parties’ respective obligations under Sections 6.2(a)

and 6.2(b), the party undertaking such efforts is not obligated to pay any fees or expenses (other than customary application fees) to any Governmental Authority or Contract counterparty to obtain any consents, approvals, filings, declarations or registrations.

“Company” shall have the meaning set forth in the Recitals.

“Company Charter Documents” shall have the meaning set forth in Section 4.1.

“Company IP Rights” shall have the meaning set forth in Section 4.13(b)(i).

“Confidentiality Agreement” shall mean that certain letter agreement dated April 26, 2013, between Iberdrola S.A. and Buyer.

“Continued Employees” shall have the meaning set forth in Section 6.9(a).

“Contract” shall mean any loan or credit agreement, debenture, note, bond, mortgage, indenture, deed of trust, lease, contract or other agreement.

“Current Assets” shall mean all current assets (other than Cash) of the Company.

“Current Liabilities” shall mean all current liabilities of the Company, except to the extent included in Financial Indebtedness.

“Damages” shall mean losses, liabilities, claims, damages, payments, Taxes, costs and expenses (including costs and expenses of actions, suits, arbitrations or proceedings, amounts paid in connection with any assessments, judgments or settlements relating thereto, interest and penalties recovered by a third party with respect thereto and out-of-pocket expenses and reasonable attorneys’, accountants’ and other experts’ fees and expenses reasonably incurred in defending against any such actions, suits, arbitrations or proceedings or in enforcing an Indemnified Party’s rights hereunder).

“Disclosure Schedule” shall have the meaning set forth in the preamble to Article III.

“Dispute” shall have the meaning set forth in Section 11.8(a).

“Environmental Law” shall mean any applicable Law relating to (i) the protection of the environment (including air, water, soil and natural resources, protected species, and/or human health), or (ii) the use, storage, treatment, generation, transportation, processing, handling, production, release or disposal of Hazardous Substances, in each case as in effect on the date of this Agreement.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“Estimated Closing Balance Sheet” shall have the meaning set forth in Section 2.2(a).

“Estimated Closing Financial Indebtedness” shall have the meaning set forth in Section 2.2(a).

“Estimated Closing Net Working Capital” shall have the meaning set forth in Section 2.2(a).

“Environmental Claims Cap” shall have the meaning set forth in Section 10.6(a).

“Expert” shall have the meaning set forth in Section 2.3(c).

“Final Closing Financial Indebtedness” shall have the meaning set forth in Section 2.3(c).

“Final Closing Net Working Capital” shall have the meaning set forth in Section 2.3(c).

“Financial Indebtedness” of any Person as of any date shall mean all indebtedness of such Person and its consolidated subsidiaries for borrowed money, together with accrued and unpaid interest thereon, required to be reflected as indebtedness on a consolidated balance sheet of such Person and its subsidiaries as of such date, prepared in accordance with GAAP; provided that undrawn letters of credit and guarantees of such Person or any of its subsidiaries shall not constitute Financial Indebtedness for purposes hereof.

“Financial Statements” shall have the meaning set forth in Section 4.4.

“GAAP” shall mean U.S. generally accepted accounting principles, consistently applied.

“General Claims Cap” shall have the meaning set forth in Section 10.6(a).

“Governmental Authority” shall mean any government, court, regulatory or administrative agency, commission or authority or other governmental instrumentality, federal, state or local, domestic, foreign or multinational with competent jurisdiction.

“Hazardous Substance” shall mean materials with respect to which any requirement or liability may be imposed pursuant to any applicable Environmental Law.

“ICC” shall have the meaning set forth in Section 11.8(a).

“Indemnified Claim” shall have the meaning set forth in Section 10.3(g).

“Indemnified Party” shall mean the Seller or the Buyer who or which may seek indemnification under this Agreement.

“Indemnifying Party” shall mean a party against whom indemnification may be sought under this Agreement.

“Indemnity Reduction Amount” shall have the meaning set forth in Section 10.4(a).

“IP Rights” shall have the meaning set forth in Section 4.13(a).

“Keene Litigation” shall mean that certain litigation by and between Keene Propane Corporation, as plaintiff, and New Hampshire Gas Corporation and New York State Electric & Gas Corporation, as defendants, filed on March 8, 2012 docket 213-2012-CV-00055, Superior Court, State of New Hampshire, which was settled by virtue of the Settlement Agreement.

“Knowledge” shall mean with respect to the Seller, the actual knowledge of Michael Eastman, in each case as of the date of the representation in respect of which such knowledge is referenced, and not any constructive or imputed knowledge of the Seller or any of its respective Affiliates (including the Company) or its respective directors, officers, employees, partners, managers, members or other representatives.

“Laws” shall have the meaning set forth in Section 4.8.

“Leased Real Property” shall have the meaning set forth in Section 4.12(b).

“Liens” shall mean all charges, claims, mortgages, liens, pledges, security interests or encumbrances.

“Material Adverse Effect” shall mean a material adverse effect on the business, financial condition or operations of the Company, taken as a whole, including as a result of any regulatory proceeding specific to the Company undertaken in connection with the Transactions, but shall not include an effect that results from or arises out of or in connection with:

- (a) the public announcement of this Agreement;
- (b) the Transactions or any actions taken pursuant to or in accordance with this Agreement;
- (c) changes in, or events or conditions affecting, any industry or market in which the Company operates;
- (d) changes in, or events or conditions affecting the United States of America or global economy, or capital or financial markets generally;
- (e) changes in applicable Law or the interpretations thereof by any Governmental Authority, other than material changes in rates, tariffs or regulatory conditions as a result of any regulatory proceeding specific to the Company undertaken in connection with the Transactions;
- (f) changes in GAAP or applicable accounting principles;
- (g) changes in general political conditions, including any acts of war or terrorist activities; or
- (h) any event or occurrence or circumstance with respect to which the Buyer has actual knowledge as of the date hereof.

For greater certainty, a Material Adverse Effect shall be considered to include the impact of any regulatory proceeding specific to the Company undertaken in connection with the Transactions that constitutes: (i) a material reduction in the authorized rates and tariffs of the Company; (ii) a restriction on or delay in the ability of the Company to put into effect new rates and tariffs which imposes a material cost to the Company; (iii) a net material increase in regulatory liabilities in respect of which the Company is not compensated through the

Company's rates; or (iv) material additional service requirements on the Company in respect of which the Company is not compensated through the Company's rates.

"Material Contracts" shall have the meaning set forth in Section 4.14(a).

"Net Book Value" shall mean, with respect to any tangible personal property, the original cost of such property less the cumulative depreciation on such property since the in-service date, all as calculated in accordance with GAAP.

"Net Working Capital" shall mean Current Assets less Current Liabilities.

"Owned Real Property" shall have the meaning set forth in Section 4.12(a).

"Permits" shall have the meaning set forth in Section 4.8.

"Permitted Liens" shall mean (a) Liens for Taxes not yet due and payable, (b) Liens of carriers, warehousemen, mechanics, materialmen and repairmen incurred in the ordinary course of business consistent with past practice and which relate to obligations as to which there is no default on the part of the Company and not yet delinquent, (c) with respect to the Owned Real Property or Leased Real Property (i) any conditions that would be shown by a current, accurate survey, (ii) easements, encroachments, restrictions, rights of way and any other non-monetary encumbrances which, individually or collectively, do not (A) make title to the Owned Real Property unmarketable as defined by applicable title standards, and/or (B) materially interfere with or otherwise impair the Company access to, use of, or operations from any of the Owned Real Property or Leased Real Property, (iii) zoning, building codes and other similar land use ordinances, codes, and regulations that apply to real property generally and which do not materially interfere with the present use of the property and assets of the Company, (iv) leases, subleases, licenses, and similar rental contracts listed on Section 4.12(b) of the Disclosure Schedule, and (v) covenants, conditions and restrictions of record, which, individually or collectively, do not (X) make title to the Owned Real Property unmarketable as defined by applicable title standards, and/or (Y) materially interfere with or otherwise impair the Company access to, use of, or operations from any of the Owned Real Property or Leased Real Property, (d) Liens, if any, reflected on the Financial Statements.

"Person" shall mean an individual, a corporation, a limited liability company, a partnership, an association, a trust or any other entity, including a Governmental Authority.

"Post-Closing Adjustment Amount" has the meaning set forth in Section 2.3(d).

"Post-Closing Tax Period" shall mean any Tax period (or portion of any Straddle Period) beginning after the Closing Date.

"Pre-Closing Taxes" shall mean any Taxes of or payable by any of the Company with respect to a Pre-Closing Tax Period.

"Pre-Closing Tax Period" shall mean any Tax period (or portion of any Straddle Period) ending on or before the Closing Date.

“Process Agent” shall have the meaning set forth in Section 11.10.

“PSC” shall mean the New Hampshire Public Utility Commission.

“PSC Approval” shall mean the approval of the PSC, pursuant to the laws and rules applicable to such transactions, of a transfer of ownership of the Company’s franchise, works or system.

“Purchase Price” shall have the meaning set forth in Section 2.1.

“Quarterly Financial Statements” shall have the meaning set forth in Section 4.4.

“Real Property Leases” shall have the meaning set forth in Section 4.12(b).

“Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, seeping, migrating, dumping or disposing of any Hazardous Substances (including the abandonment or discarding of drums, containers or other closed receptacles containing any Hazardous Substances) into the indoor or outdoor environment.

“Respondent” shall have the meaning set forth in Section 11.8(a).

“Restraints” shall have the meaning set forth in Section 8.1(b).

“Rules” shall have the meaning set forth in Section 11.8(a).

“Seller” shall have the meaning set forth in the Preamble.

“Seller Bank Account” shall mean the bank account designated by the Seller to the Buyer in writing prior to the Closing Date.

“Seller Fundamental Representations” shall have the meaning set forth in Section 8.2(a)(ii).

“Seller Plan” shall have the meaning set forth in Section 6.9(c).

“Seller Threshold” shall have the meaning set forth in Section 10.6(b).

“Seller Welfare Benefit Plans” shall have the meaning set forth in Section 6.9(g).

“Settlement Agreement” shall mean that certain Settlement Agreement with Mutual Releases in connection with the Keene Litigation, dated as of March 21, 2014, by and between Keene Propane Corporation, New York State Electric & Gas Corp. and New Hampshire Gas Corporation.

“Settlement Compensation” shall mean the compensation paid to Keene Propane Corporation pursuant to the Settlement Agreement (the “Settlement Compensation”).

“Shares” shall have the meaning set forth in the Recitals.

“Straddle Period” shall mean any Tax period that begins before and ends after the Closing Date.

“Supply Agreement” shall mean that certain Operating and Propane Air Sales Supply Agreement, dated as of November 1, 1998, by and between Keene Propane Corporation and New Hampshire Gas Corporation, as amended by virtue of the Amended Operating and Propane Air Sales Supply Agreement, dated as of March 21, 2014, and attached as Exhibit A to this Agreement.

“Target Closing Net Working Capital” shall mean the amount set forth on Section 11.13(a) of the Disclosure Schedule.

“Target Property” shall have the meaning set forth in Section 8.2(d)(ii).

“Taxes” shall mean all federal, state, local or foreign taxes, charges, fees, imposts, levies or other assessments, including all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, customs duties, fees, assessments and charges of any kind and all interest, penalties, fines, additions to tax or additional amounts imposed by any Governmental Authority with respect thereto.

“Third Party Claim” shall have the meaning set forth in Section 10.3(a).

“Third-Party IP Rights” shall have the meaning set forth in Section 4.13(b)(i).

“Transactions” shall mean the transactions expressly contemplated by this Agreement.

“Transfer Taxes” shall have the meaning set forth in Section 2.5.

“Walk-Away Date” shall have the meaning set forth in Section 9.1(b)(i).

“Year-End Financial Statements” shall have the meaning set forth in Section 4.4.

Section 11.14 Further Assurances. Each of the Parties shall (a) upon written request of the other Party, use commercially reasonable efforts to promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts and documents that may be reasonably required from time to time after Closing, at the expense of the requesting Party, for the purpose of giving effect to this Agreement and (b) use commercially reasonable efforts and take all such steps as may be reasonably within its power, at no additional cost, to implement to their full extent the provisions of this Agreement.

Section 11.15 Advisory Assistance. The Seller agrees that for a six-month period, commencing on the Closing Date, it shall make reasonably available, during normal business hours and within a commercially reasonable timeframe after receipt of a written request (including by electronic mail) from the Buyer, Michael D. Eastman, Kevin E. Walker, Thorn Dickson and other personnel of the Seller (in each case, so long as they are an employee of the Seller or its Affiliates) to consult with the Buyer and its Affiliates with respect to one or more of

the following areas related to the business of the Company: finance, customer care, operations, environmental, health, safety and security (EHSS), energy procurement, infrastructure, regulatory, and human resources/payroll; provided, that the Seller shall provide such assistance from all such employees in an aggregate amount not to exceed eighty (80) hours and at no cost to the Buyer.

Section 11.16 Rules of Interpretation; Disclosure Schedules. Unless otherwise expressly provided, the following rules of interpretation shall apply:

(a) Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, the period in question shall end on the next succeeding Business Day.

(b) Number and Gender. Where the context requires, the use of a singular form herein shall include the plural, the use of the plural shall include the singular and the use of any gender shall include any and all genders.

(c) Headings. The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(d) Herein. The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(e) Including. Whenever the words “include,” “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation.”

(f) Schedules and Exhibits Generally. The Schedules and Exhibits attached to this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

(g) Disclosure Schedule. The parties acknowledge and agree that: (i) any disclosure made with reference to a section of the Disclosure Schedule shall be deemed sufficient for purposes of disclosure in any other section or sections of the Disclosure Schedule that may require disclosure therein; (ii) the Disclosure Schedule is intended only to qualify and limit the representations, warranties and covenants of the Seller contained in this Agreement and shall not be deemed to expand in any way the scope or effect of any such representations, warranties or covenants; (iii) the disclosures in the Disclosure Schedule may be over-inclusive, considering the materiality standard contained in the section of this Agreement relating to the corresponding section of the Disclosure Schedule and any items or matters disclosed in the Disclosure Schedule are not intended to set or establish standards of materiality different from those set forth in the corresponding section of this Agreement; and (iv) the disclosure of any item or information in the Disclosure Schedule is not an admission that such item or information (or any non-disclosed item or information of comparable or greater significance) is material, required to have been disclosed in the Disclosure Schedule, or is of a nature that would reasonably be expected to have

a Material Adverse Effect. Prior to the Closing, pursuant to Section 6.8, the Seller shall have the obligation from time to time to supplement, modify or update the Disclosure Schedule by written notice to the Buyer to reflect events solely to the extent occurring after the date hereof which, if occurring prior to the date hereof, would have been required to be set forth or described on the Disclosure Schedule. The Seller shall not be deemed to be in breach of any representation or warranty hereunder and no representation or warranty of such Seller shall be deemed to be untrue or inaccurate with respect to the information disclosed in any such supplement, modification or update.

(h) References to Articles, Sections, Exhibits or Schedules. When a reference is made in this Agreement to an Article, a Section, Exhibit or Schedule, such reference shall be to an Article of, a Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated.

(i) Defined Terms. All terms defined in this Agreement shall have the defined meanings when used in any document made or delivered pursuant hereto unless otherwise defined therein.

(j) References to a Person. References to a Person are also to its permitted successors and assigns.

(k) Negotiation and Drafting of Agreement. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

Section 11.17 Specific Performance. In the event of any actual or threatened breach by any of the parties of any of the covenants, obligations or agreements in this Agreement, the party who is or is to be thereby aggrieved shall have the right to specific performance and injunctive relief giving effect to its rights under this Agreement, in addition to any other rights and remedies at law or in equity. The parties agree that any such breach or threatened breach would cause irreparable injury, that the remedies at law for any such breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived by such parties.

Section 11.18 No Recourse Against Nonparties. This Agreement may only be enforced against, and any claim or cause of action based upon, arising out of, or related to this Agreement or the transactions contemplated hereby may only be brought against, the entities that are expressly named as parties hereto and then only with respect to the obligations set forth herein with respect to such parties. Except to the extent a named party to this Agreement (and then only to the extent of the specific obligations undertaken by such named Party in this Agreement and not otherwise), no past, present or future director, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney, advisor or representative, or any Affiliate of any of the foregoing, shall have any liability (whether in contract, tort, equity or otherwise) for any one or more of the representations, warranties, covenants, agreements or other obligations or

liabilities of any one or more of the named parties under this Agreement (whether for indemnification or otherwise) of or for any claim based on, arising out of, or related to this Agreement or the transactions contemplated hereby.

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

LIBERTY UTILITIES (ENERGYNORTH
NATURAL GAS) CORP.

By: _____
Name: Chris Jankatt
Title: Authorized signing officer

By: _____
Name: David Bronicki
Title: Authorized signing officer

IBERDROLA USA ENTERPRISES, INC.

By: 
Name: Robert D. Kump
Title: President and Chief Executive Officer of
Iberdrola USA Management Corporation

By: _____
Name: Teresa Bradford
Title: Vice President and Controller of
Cayuga Energy, Inc.

[Signature Page to Stock Purchase Agreement]

IBERDROLA USA ENTERPRISES, INC.

By: _____
Name: Robert D. Kump
Title: President and Chief Executive Officer of
Iberdrola USA Management Corporation

By: 
Name: Teresa Bradford
Title: Vice President and Controller of
Cayuga Energy, Inc.

[Signature Page to Stock Purchase Agreement]

EXHIBIT A

**Amended Operating and Propane
Air Sales Supply Agreement**

**AMENDED OPERATING AND PROPANE
AIR SALES SUPPLY AGREEMENT**

This Amended Operating and Propane Air Sales Supply Agreement (“Amended Supply Agreement”) dated as of March 21, 2014, is between New Hampshire Gas Corporation (the “Buyer”), on the one hand, and Keene Propane Corporation (formerly known as Keene Gas Corporation) (the “Seller”), on the other hand.

RECITALS

A. Buyer and Seller are the parties to an Asset Purchase Agreement dated April 30, 1998, attached hereto as Appendix A (the “Asset Purchase Agreement”) and the Operating and Propane Air Sales Supply Agreement dated November 1, 1998, attached hereto as Appendix B (the “Supply Agreement”).

B. Buyer and Seller, and New York State Electric & Gas Corp. (“NYSEG”), are parties to a Settlement Agreement with Mutual Releases (the “Settlement Agreement”), which they are entering into at the same time that Buyer and Seller are entering into this Amended Supply Agreement.

C. It is a condition of the Settlement Agreement that Buyer and Seller enter into this Amended Supply Agreement, and in accordance therewith, Buyer and Seller wish to amend the Supply Agreement as set forth below.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties agree as follows:

Definitions: Except for those terms separately defined in this Amended Operating and Propane Air Sales Supply Agreement, capitalized terms used herein shall have the meaning ascribed to such terms in the Supply Agreement or the Asset Purchase Agreement.

1. Paragraph 1 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Seller’s Duties and Responsibilities. Seller shall maintain its corporate existence in good standing, shall retain ownership of the Property (except as permitted under paragraphs 19 and 21 hereof), keep the Property free and clear of any liens or encumbrances that would affect Buyer’s use and occupancy of the Property or limit the exercise of any of Buyer’s rights under this Amended Supply Agreement, and shall make the Property and all structures and equipment therein fully available to Buyer (including, but not limited to, paying any and all taxes assessed on the Property, and maintaining commercially reasonable and adequate property, casualty and liability insurance on the Property (subject to reimbursement by the Buyer pursuant to paragraph 4 hereof)), so that Buyer may operate such structures and equipment for the purpose of storing, manufacturing

and delivering a supply of propane air at the property line of the Property in such volumes as Buyer shall deem necessary; provided, however, that Seller shall not be required to replace, repair or maintain any of the buildings or structures on the Property, including, for example, maintenance, repairs or reconstruction of buildings, or portions thereof, due to damage thereto or deterioration thereof.

2. Paragraph 2 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Buyer's Duties and Responsibilities. Buyer shall be solely responsible for the use, operation and maintenance of the Property, including all structures and equipment therein, for the purpose of storing, manufacturing and delivering a supply of propane air at the property line of the Property in such volumes and meeting such quality specifications and pressures as Buyer shall deem necessary and appropriate. Such responsibilities shall include but not be limited to: purchasing and storing propane, manufacturing propane air, operating the Property, maintaining and repairing the structures, tanks and all equipment located on the Property that are otherwise necessary for Buyer's purposes, ensuring that adequate staff is employed or contracted for by Buyer and is and will be available to reliably operate the Property in a good, workmanlike and safe manner and to handle any emergencies that may arise, and to deliver the propane air to Buyer in accordance with any then applicable requirements and rules of the New Hampshire Public Utilities Commission (the "Commission").

3. Paragraph 3 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Payment. Pursuant to the Settlement Agreement, Buyer has pre-paid in full the agreed consideration to be paid by Buyer to Seller for the use of the Property (including all structures and equipment thereon) for the initial 12-year term of this Amended Supply Agreement as set forth in paragraph 5 below. In addition, by virtue of such Payment, the Buyer shall, during the Initial Term or any renewal Term, have the option to purchase at Net Book Value (defined in paragraph 215(e)) any and all trade fixtures and equipment on the Property that existed on the Property as of November 1, 1998 and had or has been used in the storage, production or delivery of propane air or in the operation of the plant (but not including the buildings on or the land comprising the Property) ("Seller's Property"). The purchase option may be exercised by the Buyer in accordance with paragraph 5(e) hereof.

4. Paragraph 4 of the Supply Agreement, entitled "Seller's Costs," is hereby amended and retitled and replaced in its entirety by the following text:

Costs. During the initial 12-year term of this Amended Supply Agreement, and any extension thereof as provided in paragraph 5 below, Buyer shall pay, directly to the vendor or other payee, any and all costs associated with Buyer's use, operation and maintenance of the Property (including all structures and equipment

therein), and any additions made by the Buyer to the plant located on the Property. Such costs shall include but not be limited to: the actual costs of purchasing propane and any transportation costs to the Property; costs associated with obtaining and/or maintaining all necessary licenses, permits or other regulatory or legal authorizations necessary to enable Buyer to operate the Property so as to deliver propane air to Buyer at the property line of the Property; costs of retaining or contracting for operating personnel; repair, upkeep and maintenance costs on the Property or on the equipment on the Property, as may be necessary for Buyer to operate the Property and provide a safe and reliable supply of propane air to Buyer in such volume as Buyer shall deem necessary; and all other minor or incidental operating costs (hereinafter collectively referred to as "Costs"). On or before the Effective Date of this Amended Supply Agreement, Buyer shall cause to be cancelled any credit cards in the name of or payable by Seller that have been issued to any of Buyer's employees. Seller shall procure and maintain insurance for property loss and casualty, and general liability, in such amounts and limits as are adequate to insure against such risks, and Seller shall pay when due any and all taxes on the Property, equipment or operation; provided, however, that Buyer shall, upon presentation of the invoice(s) therefor, reimburse the Seller for any such insurance premiums and taxes (but not including income taxes). Costs, notwithstanding the other provisions of this Amended Supply Agreement, shall not include the cost of maintaining the corporate existence of KPC or preparing and filing KPC's federal or state tax returns or other corporate filings, the cost of Seller's personnel (if any), or the costs of any investigation, clean up, or remediation of any Hazardous Substance(s) currently on, adjacent to or off of the Property for which Seller is or may become liable as provided in paragraph 11 below.

5. Paragraph 5 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Term.

(a) Initial Term. This Amended Supply Agreement shall have an effective date as the date of the Closing of the Settlement Agreement (the "Effective Date") and shall continue for a term of twelve (12) years from the Effective Date (the "Initial Term").

(b) Optional additional terms. The Initial Term may be extended, at Buyer's option, for not more than three additional one-year terms ("Year 13," "Year 14," and "Year 15"). If Buyer wishes to exercise such option for any such one-year term, Buyer shall give Seller prior written notice thereof at least 90 days before the expiration of the Initial Term (for Year 13) or of the additional one-year term then in effect (for Year 14 or Year 15). Buyer shall pay Seller an annual compensation for such optional years in the following amounts: (a) \$71,300 for Year 13, (b) \$73,400 for Year 14, and (c) \$75,600 for Year 15. Such annual compensation shall be payable in four equal installments, each such installment payable on the first business day of the three-month period to which it applies.

(c) Early termination. Buyer shall have the right to terminate this Amended Supply Agreement at any time prior to the expiration of the Initial Term or of any additional one-year term, upon giving Seller 90 days' prior written notice thereof; provided, however, that such early termination shall not entitle Buyer to the return of any payments made by it to Seller prior to the giving of such notice; and provided further that Buyer shall retain its rights to remove Buyer's Property and exercise its option to purchase Seller's Property pursuant to subparagraphs 5(d) and (e) below.

(d) Vacating the Property, removal of Buyer's Property. Upon termination of the Initial Term or any renewal Term of this Amended Supply Agreement, Buyer shall vacate the Property and, upon or prior to vacating the property, Buyer shall remove, at its sole cost, (i) any and all non-permanent and removable fixtures, furnishings and equipment installed by the Buyer before the Effective Date, and (ii) any and all buildings, structures, fixtures, furnishings and equipment installed by the Buyer after the Effective Date (collectively, "Buyer's Property") provided, however, that "Buyer's Property" shall not include fixtures, furnishings, equipment or other materials included or utilized by Buyer solely for the purpose of maintaining or repairing the Property or Seller's Property. Buyer shall repair any damage occasioned by such removal and shall restore the Property to its condition as at the effective date of this Amendment, reasonable wear and tear, taking by eminent domain, and damage due to fire or other casualty insured against and the Seller's obligations excepted.

(e) Option to purchase Seller's Property. During the Initial Term and any renewal Term of this Agreement, Buyer shall have the option to purchase (at the Net Book Value thereof) all, or less than all, of Seller's Property as provided herein. Buyer shall, at least ninety (90) days before any such termination, notify the Seller in writing of the items of Seller's Property it wishes to purchase. Within ten (10) days of receipt of such notice, Seller shall provide the Buyer with a calculation of the Net Book Value of such Seller's Property, together with reasonable documentation of such calculation, in order to allow Buyer to verify Seller's calculation of the Net Book Value. Buyer shall, within ten (10) days of receipt of such calculation, provide notice of its acceptance or rejection thereof. If Buyer rejects Seller's calculation, it shall include its own calculation of Net Book Value in the rejection notice, and the parties shall negotiate in good faith to reach agreement within ten (10) days of Seller's receipt of Buyer's rejection notice. If the parties are unable to agree on the Net Book Value, then the parties shall promptly select an independent public accounting firm reasonably acceptable to each party, who will calculate the Net Book Value of Seller's Property within thirty (30) days of the date such firm is engaged. Within ten (10) days of such accounting firm's notice of such calculation to the parties, Buyer shall provide Seller with written notice of its acceptance or rejection of the final calculation of the Net Book Value, and upon acceptance deliver the purchase price for such items of Seller's Property. Seller shall deliver such items of Seller's Property free and clear of all liens and encumbrances, and upon payment of the purchase price Seller's Property shall be deemed to be Buyer's Property

and shall be removed by the Buyer in accordance with the terms of subparagraph 5(d) hereof, and not later than the date of termination of this Agreement. For the purposes hereof, "Net Book Value" shall mean the book value of the Seller's Property determined in accordance with generally accepted accounting principles and as shown on the books of Seller.

(f) Certain responsibilities upon Termination. Before vacating the Property, Buyer shall (i) disconnect any and all pipes, pipelines and other equipment located on the Property from the pipeline distribution system that begins at the Property line and serves (or served) the City of Keene, NH and (ii) cause all tanks, pipes and equipment utilized by the Buyer in connection with its activities on the Property to be emptied of gas and gas vapors. Buyer shall be solely responsible for any liability arising out of any release of contaminants occasioned by Buyer's efforts pursuant to (i) and (ii) of this paragraph. So long as Buyer has performed these tasks, Buyer shall not be required to remove any of Seller's Property that Buyer did not opt to purchase under paragraph 5(e).

6. Paragraph 6 of the Supply Agreement is hereby deleted.

7. Paragraph 7 of the Supply Agreement is hereby deleted.

8. Paragraph 8 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Delivery Point. The Delivery Point shall be a point at the connection point(s) between the facilities on the Property into the Distribution System at the property line of the Property.

9. Paragraph 9 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Quality Specifications and Pressures. Buyer shall be solely responsible for the quality specifications and pressures of the propane air that is delivered to Buyer at the property line of the Property.

10. Paragraph 10 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Rights Upon Default. If either party shall default in its obligations to the other hereunder, both parties shall have all rights and remedies available at law or in equity. Without limiting the generality of the foregoing, Buyer shall, notwithstanding any breach hereof by Seller, have the continuing right to occupy and use the Property and Seller's Property, and shall retain any and all other rights hereunder, during the Term of this Amended Supply Agreement.

11. Paragraph 11 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Indemnities by the Seller. The Seller will indemnify, defend and hold harmless the Buyer from and against all liabilities, losses, claims, demands and damages, including reasonable attorneys' fees (collectively, "Claims") arising out of or related to (i) any Excluded Liabilities, or (ii) any environmental liabilities whatsoever in any way associated with the Property or environmental liabilities not on the Property that are shown to have derived therefrom, provided that such liabilities shall have been related to, or arisen out of, or shall have been imposed by reason of any activities related to the manufacture of gas on the Property or activities that occurred at the Property on or before November 1, 1998. Notwithstanding the foregoing, the Seller shall not be responsible for indemnification pursuant to this paragraph 11 to the extent that the costs, expenses, damages, and injuries arising out of such Claims have been caused by Buyer or any person acting for the Buyer or for whom Buyer is responsible.

12. Paragraph 12 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Indemnities by the Buyer. The Buyer will indemnify, defend and hold harmless the Seller from and against all Claims arising out of or related to (i) any Assumed Liabilities, (ii) Buyer's operation of the Distribution System and of the plant and equipment located on the Property, (iii) any environmental liabilities whatsoever in any way associated with the Property or environmental liabilities not on the Property that are shown to have derived therefrom, provided that such liabilities shall have been imposed by reason of Buyer's activities on the Property since November 1, 1998, and (iv) costs associated with damages or injuries (including death) to persons or property caused by or relating to Buyer's operation of the Property or the delivery of propane air to or from the Property, including attorney's fees and costs in defending any such claims or actions. Notwithstanding the foregoing, the Buyer shall not be responsible for indemnification pursuant to this paragraph 12 to the extent that the costs, expenses, damages, and injuries arising out of such Claims have been caused by Seller or any person acting for the Seller or for whom Seller is responsible.

13. Paragraph 13 of the Supply Agreement is hereby deleted.

14. Paragraph 14 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Notices. Except as herein otherwise provided, any notice or other communication provided for in this Amended Supply Agreement, or any notice which either party may desire to give the other, shall be in writing and shall be considered as duly delivered when mailed either by registered or certified mail or by overnight mail (using an established service with tracking capabilities such as Federal Express) to the Post Office address of the receiving party as set forth below or at such other address as either party shall designate by written notice as provided herein. Notwithstanding any other provision hereof, any notice changing the address of a

party, for purposes of this Amended Supply Agreement, shall be considered duly delivered when received by the addressee. Notice shall be made as follows:

If to the Buyer, to:

New Hampshire Gas Corporation
Attn: Stephen Rokes
80 Pearl Street
Keene, New Hampshire 03431

New York State Electric & Gas Corporation
Attn: Mark V. Dolan, Deputy General Counsel
18 Link Drive
Binghamton, New York 13902
Phone: 607-762-7743
Email: Mark.Dolan@iberdrolausa.com

If to the Seller, to:

Nancy E. Sheldon
General Manager, Keene Propane Corporation
262 Central Park West
New York, NY 10024

15. Paragraph 15 of the Supply Agreement is hereby deleted.
16. Paragraph 16 of the Supply Agreement is not amended and remains in effect.
17. Paragraph 17 of the Supply Agreement is not amended and remains in effect.
18. Paragraph 18 of the Supply Agreement is not amended and remains in effect.
19. Paragraph 19 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Assignment. This Amended Supply Agreement shall be binding upon the successors and assigns of the Buyer and Seller. No assignment of this Amended Supply Agreement shall be valid without the prior written consent of the parties hereto, provided, however, that (a) Buyer may assign this Amended Supply Agreement to any affiliate or in the context of any merger, consolidation or reorganization, and (b) Seller may assign this Amended Supply Agreement in accordance with the right of first refusal as set forth in paragraph 21 below. Any assignment in derogation of these provisions shall be void.

20. Paragraph 20 of the Supply Agreement is hereby amended and replaced in its entirety by the following text:

Capitalized Terms. Except as otherwise set forth herein, capitalized terms shall have the same meanings as ascribed to them in the Supply Agreement and in the Asset Purchase Agreement referred to in the Supply Agreement.

21. A new paragraph 21 is added to this Amended Supply Agreement, as follows:

Right of First Refusal. At any time during the term of this Amended Supply Agreement, Seller shall have the right to sell or assign its title to and interest in the Property, but only in accordance with Buyer's right of first refusal as provided herein. In the event that Seller accepts an offer to convey its interest in the Property to a third person, Seller shall give notice to Buyer of such offer. The notice shall be in writing and shall include a copy of the accepted offer which shall, among other things, set forth the price at which Seller intends to convey its interest and all other material terms of the proposed purchase. Buyer shall have the right, within 30 days following its receipt of such notice, to purchase Seller's title to and interest in the Property at not less than the price stated in the notice. Following the expiration of such 30-day period, Seller shall have the right to convey its title to and interest in the Property at a price not less than the amount stated in the notice. The buyer of such interest will acquire, along with title to the Property, all of Seller's rights and obligations under this Amended Supply Agreement. Following such sale, such buyer's interest in the Property shall be subject to all of Buyer's rights under this Amended Supply Agreement, including but not limited to Buyer's right to continue to use the Property until the termination of this Amended Supply Agreement. Notwithstanding the foregoing, if the Seller fails to close on the sale, conveyance, or transfer of the Property within one hundred twenty days (120) days of the expiration of the thirty (30) day notice period set forth above, and thereafter again desires to sell, convey, or transfer the Property during the term of this Right of First Refusal; or if Seller desires to change the terms of such sale, conveyance, or transfer of the Property or the identity of the prospective buyer, in each such case it will again serve notice upon Buyer in accordance with the terms of this paragraph 21, and comply again with the process set forth herein.

22. A new paragraph 22 is added to this Amended Supply Agreement, as follows:

Recording of Notice. Buyer shall be permitted to record in the Cheshire County Registry of Deeds a Notice of this Agreement, substantially in the form attached hereto as Appendix C, giving notice of Buyer's rights to occupy and use the Property, and Buyer's right of first refusal pursuant to paragraph 21 hereof, and Seller shall provide all reasonable cooperation to ensure the recording of such notice.

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

NEW HAMPSHIRE GAS CORPORATION

By: _____
Kevin E. Walker
President

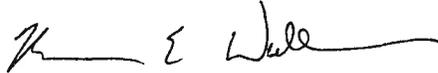
By: _____
Teresa Bradford
Vice President and Controller
Cayuga Energy, Inc. (Control)

KEENE PROPANE CORPORATION

By: _____
Paul B. Sheldon
President

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

NEW HAMPSHIRE GAS CORPORATION

By: 

Kevin E. Walker
President

By: _____
Teresa Bradford
Vice President and Controller
Cayuga Energy, Inc. (Control)

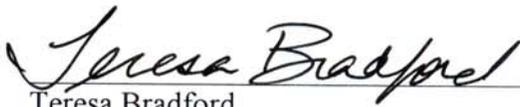
KEENE PROPANE CORPORATION

By: _____
Paul B. Sheldon
President

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

NEW HAMPSHIRE GAS CORPORATION

By: _____
Kevin E. Walker
President

By:  _____
Teresa Bradford
Vice President and Controller
Cayuga Energy, Inc. (Control)

KEENE PROPANE CORPORATION

By: _____
Paul B. Sheldon
President

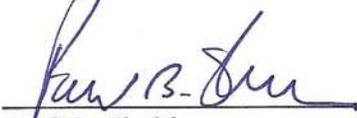
IN WITNESS WHEREOF, the undersigned have executed this Amended Supply Agreement as of the date first written above.

NEW HAMPSHIRE GAS CORPORATION

By: _____
Kevin E. Walker
President

By: _____
Teresa Bradford
Vice President and Controller
Cayuga Energy, Inc. (Control)

KEENE PROPANE CORPORATION

By:  _____
Paul B. Sheldon
President

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement dated April 30, 1998 is between **New York State Electric & Gas Corporation**, a New York corporation (the "Buyer"), and **Keene Gas Corporation**, a New Hampshire corporation (the "Seller").

WITNESSETH:

WHEREAS, the Seller is engaged in the retail propane air business commonly known as "Keene Gas" in the State of New Hampshire whereby Seller purchases propane, manufactures propane air and then distributes that propane air to customers in Keene, New Hampshire (the "Business"); and

WHEREAS, Keene Gas is regulated as a public utility by the New Hampshire Public Utilities Commission (the "Commission"); and

WHEREAS, Buyer desires to purchase from Seller, and Seller desires to sell to Buyer, certain of Seller's assets, on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, Seller will retain its propane air manufacturing operations and property on which the Seller's propane air plant is located and other tanks and equipment, as specified herein which property is located at 207 Emerald Street, Keene, New Hampshire (the "Property") and will agree to sell propane air to Buyer as a part of this Agreement; and

WHEREAS, Buyer will purchase propane air from Seller for an interim period as specified herein.

NOW THEREFORE, in consideration of the mutual agreements contained herein, the parties hereby agree as follows:

Section 1. Sale of Assets and Assumption or Liabilities.

1.1 Purchase and Sale of Assets. Subject to the conditions set forth below, at the Closing referred to in Section 8.1, the Seller will sell and deliver to the Buyer, and the Buyer will purchase from the Seller, all of the Seller's right, title and interest in and to the following assets (collectively, the "Purchased Assets") free and clear of all encumbrances. The parties specifically agree that Buyer is not purchasing substantially all of the assets of the Business, that Buyer is purchasing only certain identified assets specified below and that the assets Buyer is not purchasing from Seller constitute a substantial portion of the assets and value of the Business. The Purchased Assets will include the following:

(a) Specified Assets. The specific equipment, vehicles and other assets described in Exhibit "A" hereto, incorporated herein by this reference; and

(b) Distribution System. Seller's entire municipal pipeline system which Seller operates as a regulated public utility and which delivers propane air to propane air customers in Keene, New Hampshire, including but not limited to all above and below ground pipelines,

meters, regulators, governors and all other pipeline appurtenances and other related equipment (and any associated rights-of-way and/or easements) that shall be transferred to Buyer beginning at the property line of Seller's 207 Emerald St., Keene, New Hampshire property (the "Distribution System"); and

(c) Customer Lists and Files. All books, operating records, operating, safety and maintenance manuals, engineering design plans, blue prints and re-built plans, specifications, procedures and similar items of Seller, customer lists and files, copies of billing records, route lists and other books and records relating to the Purchased Assets and the Distribution System; and

(d) Permits and Licenses. To the extent transferable, all permits and licenses related to the construction, operation and maintenance of the Purchased Assets and the Distribution System; and

(e) Contracts. Any and all contracts with Keene propane air customers as set forth on Schedule 1, which contracts shall be assigned to Buyer at the Closing; and

(f) Rights-of-Way. All rights-of-way or easements that are associated exclusively with the Distribution System and which are located entirely off of the Property and all other rights-of-way or easements owned by Seller which are located entirely off of the Property.

(g) All unexpired warranties and guarantees from third parties with respect to any of the Purchase Assets and Distribution System which are transferable.

1.2. Excluded Assets. Notwithstanding Section 1.1, the Purchased Assets shall not include the following (collectively, the "Excluded Assets"):

(a) Cash. Cash and cash equivalents, except as set forth in Sections 1.4(n) and (o) and except as stated in Section 9.1; and

(b) Inventory. All inventory of liquid propane gas or gas vapor located in the bulk or other storage tanks referred to in Section 1.2(g), parts, repair parts, spare parts, regulators, fittings, propane cylinders and appliances held for resale; and

(c) Computer Equipment and Software. The computers, computer peripherals and computer software used in connection with the Business, except that Buyer shall be entitled to concurrent access with Seller for the use of the computers, computer peripherals and computer software used in connection with the Business for the interim period referred to in Section 9.3; and

(d) Trade Name, Telephone Number, Etc. Any trade names including "Keene Gas" or any trade name other than "Keene Gas" relating to the Business, the Seller's main telephone number and post office boxes at which the Seller receives correspondence or remittances from customers, and

(f) Real Estate. Any real estate or interests therein, whether owned or leased, including, but not limited to, Seller's property located at the Property, except that any and all

rights-of-way, easement or other similar interests that apply exclusively to the Distribution System shall be assigned to Buyer at the Closing and such rights-of-way, easements and similar interests are set forth in Schedule 2 ; and

(g) Tanks. All customer and bulk propane storage tanks and related equipment and other tanks, dispensers, pumps, vaporizers, meters, regulators, fixtures, fittings and piping, including all tanks and equipment located at or on the Property and any field storage or other propane storage tanks owned or leased by Seller which are located anywhere off of the Property; and

(h) Buildings. All buildings or other above or below-ground structures located on the Property; and

(i) Benefit Plans. The assets of any employee benefit plan maintained by or for the benefit of the Seller; and

(j) Insurance. Any insurance policies; and

(k) Corporate Records. The Seller's minute books, stock register and similar corporate records; and

(l) Hazardous Substances. Any Hazardous Substance as defined in Section 3.13; and

(m) Other Assets. All other assets of the Seller, except those assets specifically set forth in this Agreement or assets which are included in Exhibit "A".

1.3. Assumption of Liabilities. The Buyer will assume and become responsible, in the context of this purchase of certain of the assets of Seller, for only such obligations of the Seller where that obligation is explicitly assumed by the Buyer hereunder (the "Assumed Liabilities"). Buyer shall assume, subject to the receipt of all necessary regulatory or other necessary approvals or authorizations for this Agreement, only liabilities which are actually incurred and which arise after the Closing Date and which directly and exclusively relate to operating, maintaining and repairing the Distribution System or to the other Purchased Assets.

1.4 Excluded Liabilities. Except in accordance with Section 1.3, the Buyer will not assume or be responsible for any obligation or liability of the Seller, and the Seller will continue to be responsible for all its obligations and liabilities, whether known or unknown, fixed or contingent, liquidated or unliquidated and secured or unsecured, whether arising prior to, at or subsequent to the Closing, whether or not related to the Seller's Business and whether or not disclosed to the Buyer (collectively, the "Excluded Liabilities"). Without limiting the generality of the foregoing, the Excluded Liabilities include any obligations or liabilities of the Seller:

(a) Arising out of or relating to this Agreement or the transactions contemplated hereby;

(b) Constituting indebtedness, including obligations for borrowed money, or any obligations representing the deferred purchase price of any property or the Property or pursuant to any guaranties;

(c) For federal, state, local or foreign taxes, including any taxes arising out of or resulting from the consummation of the transactions contemplated by this Agreement; Petitioners' Attachment 1
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(d) To any present or former shareholder, officer or director of the Seller or any of its predecessors;

(e) Arising out of or relating to any actual or alleged breach or failure to perform by the Seller or any of its predecessors under any contract, commitment, arrangement or understanding;

(f) Relating to any litigation, suit or proceeding pending or threatened against the Seller or which could have been brought prior to the Closing Date and which relate to the Property or the Business;

(g) Under any Environmental Laws (as defined in Section 3.13), including but not limited to, liabilities or damages associated in any way with the Property or contamination deriving from the Property;

(h) To any current or former employee of the Seller or any of its predecessors, including obligations for wages, bonuses, employee benefits, fringe benefits, vacation or holiday pay, severance pay or worker's compensation, or under any federal, state, local or foreign law relating to employment; including, but not limited to any obligations or liabilities under the Benefit Plans referred to in paragraph 1.2 (i), any liability to the Pension Benefits Guaranty Corporation, any liability with respect to non-compliance with the notice and benefit continuation requirements of COBRA, any liability with respect to any non-compliance with ERISA or any other applicable law.

(i) Which have accrued or were incurred by Seller, or which arise out of any event that occurred or state of facts that existed, at or prior to the time of the Closing;

(j) Relating to any activities or businesses of the Seller other than Keene Gas;

(k) Obligating the Seller to install storage tanks or propane distribution systems;

(l) All obligations and liabilities of the Seller under its existing liquid propane tank leases or other leases, including obligations for prepaid rental payments (collectively, "Unearned Tank Rentals");

(m) Relating to any Excluded Asset;

(n) All obligations and liabilities that are the responsibility of the Seller with respect to refundable security deposits made by propane air customers in Keene (collectively, "Security Deposit Obligations") and Seller shall be obliged to transfer to Buyer at Closing (or take a deduction from the purchase price payable at Closing) in an amount equal to the amount of funds that Seller holds as Security Deposit Obligations (plus any interest due thereon), as of the date of Closing. Seller shall be obliged to present a Schedule 3 at Closing which shall become a part of

(o) All obligations and liabilities that are the responsibility of the Seller with respect to prepayments made by, or credit balances owing to, Keene propane air customers (collectively, "Customer Credits") and Seller shall be obliged to reimburse Buyer at the Closing (or take a deduction from the purchase price payable at Closing) for the pro rata amount of any such prepayments which have been made but for which the propane air customer has not yet been reimbursed in services or supply. Seller shall be obliged to present a Schedule 4 at Closing which shall become a part of this Agreement and which shall set forth the *pro rata* amount of prepayments to Seller for which the customer has not yet been reimbursed in services or supply.

1.5 Effect of Transaction and Contingency. The parties understand and agree that this Agreement shall be contingent upon the New Hampshire Public Utilities Commission (the "Commission") approving this Agreement in the form and in accordance with the structure as contemplated herein by the parties, and such Commission approvals shall in all respects be acceptable to Buyer in its sole discretion. The effect and the intent of the parties to the transaction will be to effect a split of Keene Gas Corporation into two separate business entities, a propane air manufacturing and sales operation and propane vapor supply business, which shall be retained, owned and operated by the Seller, and which shall continue to be operated for an interim period to be determined by Buyer, and a regulated propane air distribution business, which shall be owned and operated by Buyer. Buyer will buy the Distribution System and certain specified other assets of the Business and Seller shall retain ownership and responsibility for the Property and for operating the Property and the propane air delivery system and tanks and other equipment located on the Property. Seller shall also be responsible for providing a safe and reliable supply of propane air to Buyer at the property line of the Property. Buyer shall pay Seller's actual cost to operate the Property, in accordance with the Operating Agreement attached as Exhibit B hereto.

1.6 Vapor Line. To the extent approved by all necessary regulatory or other authorities or municipalities having jurisdiction, Seller shall be permitted to keep a propane vapor line in place for Cornerstone Propane, L.P. ("Cornerstone") from a storage tank on the Property and which is connected to the adjacent shopping center (Center at Keene), if Cornerstone will agree to allow Keene Gas to make a reconnection of the mounded storage tank so that storage from the mounded tank may be counted as part of the Commission's peak day supply requirements; *provided, however*, nothing herein shall prevent Buyer from competing to make sales of propane air or other energy supply (except liquid propane, which shall be prohibited) to the adjacent shopping centers.

Section 2. Purchase Price

2.1. Purchase Price. The aggregate consideration to be delivered to the Buyer in consideration of the sale of the Purchased Assets, and in consideration of the related agreements that are attached as Exhibits hereto, will be a total of \$50,000, payable in cash at Closing, as may be adjusted for the amounts as set forth in Sections 1.4(n) and (o) and 3.14 (the "Purchase Price"). Such aggregate consideration will be allocated among the Purchased Assets (including working capital and the Seller's covenant not to compete) as provided in Section 2.2.

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2.2 Book Value of Purchased Assets. At the Closing, Seller shall be obligated to present a Schedule 5, which shall be attached to and which shall become a part of this Agreement and which, where possible, shall state the original cost of the Purchased Assets, less accumulated depreciation, amortization and contributions in aid of construction that are applicable to the Purchased Assets, and such information shall be presented, where possible, in appropriate utility plant account groupings. Seller shall give adequately specific descriptions of each of the Purchased Assets listed in Schedule 5.

Section 3. Representations and Warranties of the Seller.

Seller represents and warrants to and for the benefit of the Buyer as follows:

3.1 Organization. The Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of New Hampshire and has all requisite corporate power and authority to own, lease and operate its properties and assets, to conduct the Business as currently conducted or proposed to be conducted and to sell the Purchased Assets to Buyer. Seller is not required to be qualified to do business as a foreign corporation in any jurisdiction.

3.2 Authority. The Seller has all requisite power and authority to execute and deliver this Agreement and to perform the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all requisite corporate action on the part of the Seller and, subject to receipt of required regulatory approvals, no other approval on the part of the Seller is necessary for the execution, delivery and performance of this Agreement. This Agreement constitutes the legal, valid and binding obligation of the Seller and is enforceable against the Seller in accordance with its terms.

3.3 No Conflicts. The execution and delivery of this Agreement by the Seller and the consummation of the transactions contemplated hereby (a) do not require the Seller to file any notice with or obtain any consent, approval, authorization or exemption from any person, state, federal or regulatory authority and (b) will not violate any court order, judgment, law, rule or regulation and (c) will not constitute a default or breach under any agreement to which the Seller is a party or by which the Seller, or any of the Purchased Assets may be bound; *provided, however*, the parties understand and agree that this Agreement shall be contingent upon the New Hampshire Public Utility Commission (the "Commission") approving this Agreement in the form and in accordance with the structure as contemplated herein by the parties and shall be contingent upon the acceptability to Buyer, in its sole discretion, of such Commission approvals or any conditions upon Commission approval that the Commission may impose.

3.4 Absence of Undisclosed Liabilities. The Seller has no material liabilities (whether known or unknown, fixed or contingent, liquidated or unliquidated or secured or unsecured) that would be required by generally accepted accounting principles to be reflected on a balance sheet prepared as of the date hereof.

3.5 Absence of Certain Changes. The Business has been conducted only in the ordinary course during the year previous to the date of this Agreement and the Business has not experienced any change which, individually or in the aggregate, has had or may have a material adverse effect on the Purchased Assets or the operations, affairs or financial condition of the

Business (a "Material Adverse Effect"), except the ongoing Commission proceedings concerning Iberdrola / EnergyNorth Keene Gas which are hereby acknowledged by Buyer; and the Seller has not taken or committed to take any of the actions referred to in Section 5.1 with respect to the Business. Bucket DG 14-
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3.6 Title. The Seller states and affirms that it has good and marketable title to the Purchased Assets, free and clear of all liens and encumbrances. At the time of the Closing, none of the vehicles or the other Purchased Assets set forth on Exhibit "A" will be subject to any leases, liens or other encumbrances and there shall be no liens or encumbrances of any kind on the Distribution System.

3.7 Facilities and Equipment. None of the Purchased Assets are in material violation of any applicable legal requirement. The machinery, vehicles, pipes and other equipment included in the Purchased Assets have been well maintained and are in good operating condition and repair, normal wear and tear excepted.

3.8 Propane Tanks. The amount of the Seller's inventory of propane air shall be sufficient at the Closing and at all times thereafter to enable Seller to make deliveries of propane air to Buyer in sufficient quantity to provide for the requirements, including the peak day requirements, of all Keene propane air customers until such time as Buyer finds and has made operational its alternate energy supply source off of the Property to provide propane, propane air, natural gas and/or another energy supply to Buyer's customers. Seller covenants that it will grant no right to any third party beyond any rights such third parties may already have as of the date of a Memorandum of Understanding between the parties and dated February 25, 1998, in and to any of the tanks or any portion of the tanks located on the Property until such time as the Property is no longer needed to provide propane air to Buyer for Buyer's customers. Seller further covenants that the tanks and other equipment on the Property are sufficient to enable Seller to operate the Property and to make deliveries of propane air to Buyer in sufficient quantity to provide for the requirements, including the peak requirements, of all current customers of Seller.

3.9 Contracts and Leases. The Seller is not in default under any lease, contract or other agreement relating to the Business.

3.10 Customer List. The Seller will deliver to the Buyer a copy of both its active and any inactive customer lists within thirty (30) days of the date first set forth above. The customer lists shall accurately set forth, separately, the active and inactive customers of the Business that would be served by Buyer through the Distribution System. Seller states and affirms that no customer whose individual account represented more than five percent of the gross sales of the Business during the 12 month period ended February 28, 1997 has given the Seller notice of intention to terminate the Seller as such customer's primary supplier of propane air or of reducing its propane purchase obligations by 50% or more. A list of each customer whose annual purchases constitute more than five percent of the gross sales of the Business for the last fiscal year is set forth on Schedule 6.

3.11 Compliance with Law: Permits and Licenses. The Purchased Assets and the operation of the Business are in compliance with all applicable laws, regulations and ordinances, including all laws and regulations concerning labor and employment but subject, in the case of Environmental Laws and tax matters, to the specific provisions of Sections 3.13 and 3.14, respectively. The Seller holds the permits and licenses set forth on Schedule 7 with respect to the

Business, which are all of the permits and licenses required to conduct the Business, other than those permits and licenses the absence of which in the aggregate will not have any Material Adverse Effect on the Business. Seller covenants that it shall be required to have all necessary permits, licenses and authorizations in place to operate in the manner as set forth in this Agreement at Closing and thereafter and that Seller shall be diligent in keeping all necessary permits, licenses and authorizations in place so that Seller will be able to continue to supply propane air to Buyer at the property line of the Property until such time as Buyer has made arrangements for an alternative energy supply for Buyer's customers.

3.12 Litigation. Except as set forth on Schedule 8, there is no action, suit, proceeding or investigation in any court or before any arbitrator or government agency pending or, to the knowledge of the Seller, threatened against the Seller or any of its properties or the Business or the Purchased Assets. Seller shall have the responsibility to advise Buyer concerning any changes in the substance of Schedule 8 that may occur between the date of this Agreement and the Closing.

3.13 Environmental Matters.

(a) For purposes of this Agreement "Environmental Laws" means all federal, state and local statutes, laws, rules, regulations, orders and regulatory interpretations which relate to or deal with pollution or protection of human health or the environment, including but not limited to laws relating to emissions, discharges, spills, releases or threatened releases of Hazardous Substances, the use, treatment, storage, disposal, handling or manufacturing, transporting or shipping of Hazardous Substances, including but not limited to the following: the Resource Conservation and Recovery Act ("RCRA"); the Clean Air Act, the Clean Water Act; the Comprehensive Environmental Response Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act ("CERCLA"); the Hazardous Materials Transportation Act and the Toxic Substance Control Act. "Hazardous Substance" means any hazardous substances, hazardous material, flammable or combustible substance, explosive material, radioactive material, solid waste, hazardous waste, toxic substance, pollutant, contaminant, product or by-product or related materials or substances defined in, identified in or regulated by any Environmental Laws, including but not limited to (i) petroleum, including crude oil or any fraction thereof, and (ii) natural gas, natural gas liquids or synthetic gas usable fuel.

(b) The Seller possesses all permits, licenses and authorizations required under Environmental Laws for the conduct of the Business, the Property and for the Business as it will be operated by Seller after the Closing has occurred, except such approvals or authorizations as may be required from the Commission. The Seller asserts and affirms that it is now and has at all times been in compliance with all applicable Environmental Laws. There are no events, conditions, circumstances, activities, practices, incidents, actions or plans which may interfere with or prevent compliance in respect of any Environmental Laws or, except as set forth on Schedule 9 or as disclosed in the phase I environmental site assessment report dated July 2, 1996 by Strategic Analytical Systems, Inc. (the "1996 Phase I Report"), which may give rise to any common law or legal liability of the Seller or otherwise form the basis of any claim, demand, action, suit, proceeding, notice of violation, study or investigation against, relating to or affecting the Seller based on or related to any Hazardous Substances or Environmental Laws.

(c) There is no litigation, arbitration, claim, action, suit or proceeding (or, to the knowledge of the Seller, government investigation or inquiry), pending or, to the knowledge of the Seller, threatened against the Seller, and Seller has received no claim, notice, complaint, court order, administrative order, demand or request for information from any governmental authority or private party, alleging any violation of, or asserting any noncompliance with or exceedance under any Environmental Laws by the Seller or with respect to which the Seller is alleged to have any liability, including but not limited to any liability with respect to investigating or cleaning up any site or providing any other relief under any Environmental Law.

(d) Schedule 9 identifies the Hazardous Substances used, generated, stored or disposed of by the Seller in the operation of the Business. Except as set forth in Schedule 9, the Seller has not transported, or arranged for the transportation of, any Hazardous Substances to any site which is the subject of federal, state or local governmental or private investigations, or which may lead to claims against the Seller for cleanup costs, remedial work or for damages. None of the Property, the property owned, operated or leased by the Seller is or was ever listed in the United States Environmental Protection Agency's National Priorities List of Hazardous Waste Sites or any other list of hazardous waste sites maintained by any federal, state or local agency.

(e) Except for Hazardous Substances set forth on Schedule 9, the Seller has not treated, stored for more than 90 days, disposed of or recycled any Hazardous Substances on the Property, any property or facility owned, operated or leased by the Seller nor, to the knowledge of the Seller, has any other party treated, stored for more than 90 days, disposed of or recycled any Hazardous Substances on or at any such property or facility.

(f) Except as set forth on Schedule 9 (which sets forth the capacity and contents of such tanks) there are no underground storage tanks, as such term is defined or used in RCRA or any other Environmental Law, and, to the best of Seller's information and belief, none has been located on the Property or at any property or facility owned, operated or leased by the Seller.

(g) Except as set forth on Schedule 9 or the 1996 Phase I Report, a copy of which has been delivered to the Buyer, the Seller has not used or burned, and does not use or burn, coal in connection with production of manufactured gas, nor was coal so used or burned on or at the Property or any property or facility owned, operated or leased by the Seller. Except as set forth on Schedule 9, there are no asbestos-containing materials, or capacitors, transformers or other equipment or fixtures containing PCBs, and, to the best of Seller's information and belief, none has been located on the Property or at any property or facility owned, operated or leased by the Seller.

(h) Except as disclosed in the 1996 Phase I Report, there has not been any release as defined in CERCLA of any Hazardous Substances at or from the Property or any property or any facility owned, operated or leased by the Seller. Without limiting the generality of the foregoing, except as disclosed in the 1996 Phase I Report, to the best of Seller's information and belief, there has been no activity undertaken or conditions existing at the Property or any property or facility owned, operated or leased by the Seller that could cause or contribute to the discharge of any Hazardous Substances into any water source or system (including surface waters and groundwater) in violation of any Environmental Law.

(i) The transactions contemplated by this Agreement do not require disclosure compliance under any Environmental Law. Except as set forth on Schedule 9, there are no

environmental audits, assessments or studies prepared for or within the possession or control of the Seller with respect to the Property or any property or facility owned, operated or leased by the Seller or results of sampling or any analysis of any environmental media undertaken with respect to the Property or such property or facility.

3.14 Taxes. The Seller has properly completed and filed, within the time and in the manner prescribed by law, all tax returns and other documents required to be filed in respect of federal, state, local and foreign taxes, and all such returns and other documents are true, correct and complete. The Seller covenants that it will continue to make all proper filings, within the time and in the manner prescribed by law, of all tax returns and other documents required to be filed in respect of federal, state, local and foreign taxes for the Property and for all other Excluded Assets that Seller is retaining and which are or may be necessary for Seller to operate the Property and to deliver propane air at the property line of the Property to Buyer, until such time as Buyer advises Seller that the Property is no longer needed to supply propane air to Keene customers. The Seller has, within the time and in the manner prescribed by law, paid all taxes that are due and payable and covenants that it will continue to pay all taxes that become due and payable on the Property and on all other Excluded Assets which are or may be necessary to deliver propane air at the property line of the Property to Buyer, until such time as Buyer advises Seller that the Property is no longer needed to supply propane air to Keene propane air customers. The Seller has or will establish adequate reserves on its respective books and records and financial statements that are adequate for the payment of all taxes not yet due and payable. Taxes due on the Purchased Assets shall be *pro rated* as of the date of the Closing as set forth in Schedule 10 and the Purchase Price shall be adjusted at the Closing to reflect such *pro ration*, if appropriate.

3.15 Insurance. The Seller maintains such policies of insurance covering its real and personal property on the Property and providing personal and product liability and other coverages as are commercially reasonable for the conduct of the Business in accordance with the remaining portion of the Business as it shall be structured after this Agreement takes effect. Such insurance shall be sufficient to comply with all requirements of applicable law and all agreements to which the Seller is a party. All such policies are in full force and effect and the premiums have been paid when due. There are no claims, actions, suits or proceedings arising out of or based upon any of such policies of insurance and, to the knowledge of the Seller, no reasonable basis for any such claim, action, suit or proceeding exists. The Seller is not in default with respect to any provisions contained in any such insurance policies and, to the knowledge of the Seller, has not failed to give any notice or present any material claim under any such insurance policy in due and timely fashion.

3.16 Full Disclosure. No representation or warranty made by the Seller in this Agreement (including any Schedule or Exhibit hereto), or in any document delivered in accordance with this Agreement, contains any untrue statement of a fact or omits to state a fact necessary to make the statements contained herein not misleading. Seller understands that the warranties and representations contained in this Agreement are essential and significant and that the agreement would not proceed but for these representations and warranties. In the event Seller's representations and warranties are materially false in any way, the agreements of the parties shall be void *ab initio*, in Buyer's sole discretion.

Section 4. Representations and Warranties of the Buyer.

The Buyer represents and warrants to and for the benefit of the Seller as follows:

4.1 Organization. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of New York and/or New Hampshire and has all requisite power and authority to purchase, and operate the Purchased Assets and to conduct its business as currently conducted or as proposed to be conducted.

4.2 Authority. The Buyer has all requisite power and authority to execute and deliver this Agreement and to perform the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all requisite corporate action on the part of the Buyer and, subject to receipt of required regulatory approvals, no other approval on the part of the Buyer is necessary for the execution, delivery and performance of this Agreement. This Agreement constitutes the legal, valid and binding obligations of the Buyer, enforceable against Buyer in accordance with its terms.

4.3 No Conflicts. The execution and delivery of this Agreement by the Buyer and the consummation of the transactions contemplated hereby (a) do not require the Buyer to file any notice with or obtain any consent, approval, authorization or exemption from any person, (b) will not violate any court order, judgment, law, rule or regulation and (c) will not constitute a default or breach under any agreement to which the Buyer is a party or by which either of them or any of their respective properties may be bound; *provided, however*, the parties understand and agree that this Agreement shall be contingent upon the Commission approving this Agreement in the form and in accordance with the structure as contemplated herein by the parties and shall be contingent upon the acceptability to Buyer, in its sole discretion, of such Commission approvals or any conditions upon Commission approval that the Commission may impose.

Section 5. Covenants Pending the Closing.

5.1 Conduct of the Business. Except as otherwise contemplated by this Agreement and as the Buyer may otherwise consent, pending the Closing:

(a) The Seller will conduct and carry on the Business in the ordinary and regular course consistent with past practice;

(b) The Seller will use its best efforts to preserve the Purchased Assets (it being understood that the Seller will bear the risk of any loss, damage or destruction until the Closing), the Business and the Seller's relationships with employees, customers, suppliers and others having business relationships with the Business;

(c) The Seller shall not sell, lease, mortgage, pledge or otherwise acquire or dispose of any material amount of properties or assets used in connection with the Business except where the items disposed of are replaced with similar items or are no longer needed for the operation of the Business;

(d) The Seller will not increase or otherwise change the rate or nature of the compensation (including, without limitation, wages, salaries, bonuses and other benefits) payable to any of its full or part-time employees;

(e) The Seller will not enter into, or become obligated under, any lease, contract or other agreement with respect to the Business, except in the ordinary course of business or as contemplated by this Agreement;

(f) The Seller shall not change, amend, terminate or otherwise modify any lease, contract or other agreement included in the Purchased Assets; and

(g) The Seller will use all reasonable efforts to maintain in full force and effect policies of insurance of the same type, character and coverage as the policies of insurance with respect to the Business in effect on the date of this Agreement and will give the Buyer prompt written notice of any and all changes that may occur between the date hereof and the Closing with respect to the insurance coverages thereunder, provided that the Seller will not be obligated to maintain any insurance with respect to the Purchased Assets after the Closing. The parties understand and agree that all risk of loss and responsibility for the Purchased Assets shall remain with Seller until the Closing has been completed.

5.2 Access and Rights of Inspection. The Seller will allow the Buyer and its counsel, accountants, environmental consultants and other representatives reasonable access, during normal business hours and so as not to interfere with the business operations of the Seller, to the Property and to all properties, contracts, books and records used in or relating to the Purchased Assets or the Property. The Seller will furnish the Buyer copies of such documents and such information with respect to the affairs of the Business and/or the Distribution System as the Buyer may reasonably request from time to time before the Closing. The Buyer and its counsel and accountants will have the right to examine and review all aspects of the operation of the Business and the Purchased Assets.

5.3 Confidentiality. All data and information received by the Buyer pursuant to Section 5.2, as well as all information and data heretofore furnished to the Buyer in connection with this transaction, will be held in strict confidence by the Buyer, and, unless and until the transactions contemplated by this Agreement shall have been consummated, the Buyer will not use such data or information or disclose it to others (other than counsel, accountants and other representatives of the Buyer engaged in connection with this transaction, who will be subject to the provisions of this Section 5.3), except with written permission of the Seller; provided that the foregoing restrictions will not apply to any information (a) that is or becomes in the public domain by publication or otherwise through no action of the Buyer or any of its representatives, (b) that was known to the Buyer prior to the time of disclosure by the Seller, (c) that is rightfully obtained by the Buyer from a third party that has the legal right to disclose such information or (d) that the Buyer is required by any legal process or proceeding or regulatory requirement to disclose.

5.4 No Negotiation with Third Parties. The Seller agrees that neither the Seller nor any of its agents or representatives will, directly or indirectly, encourage, solicit or engage in any discussions or negotiations of any kind whatsoever with, or provide any information whatsoever to, any corporation, partnership, person or group concerning the possible sale to such third party (or its principals) of all or any part of the Business or the Purchased Assets (whether by merger, sale of

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units of equity interest, sale of assets, or otherwise) either before or after Closing. Seller agrees that it will not sell, transfer or assign all or any part of the remainder of the Business, or the assets thereof that Seller is retaining and which is necessary so that Seller can deliver propane air to Buyer in sufficient quantities for Buyer's customers, until such time as Seller is notified in writing by Buyer that Buyer has a means of providing energy to Buyer's customers and that the Property and all other Excluded Assets are no longer needed by Buyer to supply Buyer's customers, absent Buyer's written consent. The Seller will promptly communicate to the Buyer any inquiries or communications concerning any such transaction which the Seller may receive or of which it may become aware.

5.5 Satisfaction of Conditions. Each party will use its best efforts to take or cause to be taken all actions reasonably necessary or appropriate to cause the conditions set forth in Section 7 to be satisfied at or prior to Closing.

5.6 Vehicles Subject to Lease. The Seller will purchase all of the vehicles, heavy equipment or equipment set forth on Exhibit "A" that are currently under lease to the Seller so that, at the Closing, the Seller shall have good and marketable title to such vehicles, heavy equipment or equipment subject only to recordation of termination statements regarding the lessor's terminated security interest.

5.7 Termination. If any condition to the Closing set forth in Section 7 is not satisfied by June 15, 1999, then at any time thereafter either the Buyer or the Seller may terminate this Agreement by giving written notice of termination to the other party, provided such terminating party is not in material default under this Agreement. If a condition is not satisfied due to the failure of a party to perform its obligations under this Agreement, such nonperforming party shall be liable for all damages caused by its failure to perform. Except as provided in the immediately preceding sentence, termination of this Agreement will terminate all of the parties' rights and obligations hereunder, other than the provisions of Sections 5.3 and 10.1, which shall remain in effect.

Section 6. Employee Matters.

6.1 Offers of Employment. Buyer shall be obligated to offer employment to the current employees of Seller either as Buyer's or Buyer's affiliates' employees; *provided, however*, in no event shall the yearly salary and benefit package for each employee be less than the value of the employee's yearly salary and benefit package that was being received by that Seller's employee as of March 2, 1998. The Seller's part-time employees shall be offered employment by Buyer or Buyer's affiliate in their part-time capacity (unless the Buyer or its affiliate and the employee agree to a full time employment arrangement) and part time employees will not receive less than their salary package as of March 2, 1998. All such full and/or part-time employees shall become regular at will employees of the Buyer or of Buyer's affiliate.

6.2 Termination by the Seller. The Seller will pay to its employees engaged in the Business all compensation, employee benefits, accrued sick pay and accrued vacation pay through the date of the Closing. The Seller will terminate as of the date of the Closing those of its employees who accept the Buyer's offer of employment or the establishment of a contractor relationship.

6.3 Employee Benefit Plans. The Seller will retain all liabilities for all benefits accrued or earned, and all claims incurred, under its employee benefit plans by its employees engaged in the Business as of the date of the Closing, in accordance with the terms of such plans and applicable law. Iberdrola / EnergyNorth
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6.4 Employees. Seller agrees to arrange with Buyer or Buyer's affiliate to obtain manpower for Seller to operate the Property and to provide propane air to Buyer at the Delivery Point and to undertake other acts as determined by Buyer. In no event shall the provision of manpower as agent for Seller be construed as operating the Property. The Employee Retention Agreement shall be substantially in the form as set forth in Exhibit "C".

Section 7. Conditions.

7.1 Conditions to the Buyer's Obligations. The obligations of the Buyer are subject to the satisfaction or waiver of the following conditions at the Closing:

(a) Representations and Warranties. The representations and warranties of the Seller contained in Section 3 shall have been true in all material respects as of the date of this Agreement and shall be true in all material respects as of the Closing as though made as of the Closing, and including the Seller's covenant that it has the ability to safely and reliably provide propane air to Buyer in accordance with this Agreement;

(b) Performance. The Seller shall have performed and complied in all material respects with all covenants required to be performed or complied with by them on or prior to the Closing;

(c) Officer's Certificate. The Seller shall have delivered to the Buyer a certificate dated the date of the Closing and signed by an officer of the Seller stating that the conditions set forth in Sections 7.1(a) and (b) have been satisfied;

(d) Consents. The Seller shall have obtained all consents, approvals, authorizations and exemptions as described in Section 3.3 or as otherwise may be required under the Agreement;

(e) Litigation. No order or injunction restraining or preventing the transactions contemplated by this Agreement shall be in effect, and no action, suit or proceeding challenging the transactions contemplated by this Agreement shall be pending before any court or government agency or be overtly threatened by any government agency, person or entity;

(f) Environmental. Buyer shall not have discovered any material matter which significantly undermines the value of the Purchased Assets;

(g) Non-Compete. The Seller shall have entered into a Non-Competition Agreement with the Buyer in substantially the form of Exhibit "D" whereby the Seller will agree not to engage in the business of selling energy or energy related services in the States of New Hampshire, Maine, Vermont or New York, without the written consent of Buyer, for a period of six (6) years, at no additional cost to Buyer, in consideration of the payment hereunder at the Closing of \$50,000 in cash, as adjusted pursuant to this Agreement (the "Non-Competition Agreement"). The loan of

\$300,000, or the repayment thereof, that was made by Seller to Fogg Energy, Inc. shall not constitute competition in violation of these non-compete provisions.

7.2 Conditions to the Seller's Obligations. The obligations of the Seller are subject to the satisfaction of the following conditions at the Closing:

(a) Representations and Warranties. The representations and warranties of the Buyer contained in Section 4 shall have been true in all material respects as of the date of this Agreement and shall be true in all material respects as of the Closing as though made as of the Closing;

(b) Performance. The Buyer shall have performed and complied in all material respects with all covenants required to be performed or complied with by Buyer on or prior to the Closing;

(c) Officer's Certificate. The Buyer shall have delivered to the Seller a certificate dated the date of the Closing and signed by an officer of the Corporation stating that the conditions set forth in Sections 7.2(a) and (b) have been satisfied;

(d) No Injunction. No order or injunction restraining or preventing the transactions contemplated by this Agreement shall be effect; and

(e) Non-Compete. The Seller and the Buyer shall have entered into the Non-Competition Agreement in substantially the form of Exhibit "D" whereby Buyer shall have agreed not to engage in the business of selling liquid propane to retail customers in Keene, New Hampshire for a period of five (5) years, with such five year period beginning as of June 23, 1998.

(f) Prior Obligations. Cornerstone Propane, L.P. ("Cornerstone") has certain rights in an agreement for the purchase of certain assets and dated June 23, 1997 between Cornerstone and Shalldu, Ltd. which may require Cornerstone's consent, approval or waiver by Cornerstone of their rights before this Agreement can be finalized; *provided, however,* Seller shall obtain all such necessary consents, approvals or waivers prior to agreeing to go to Closing.

7.3 Further Conditions Upon the Parties' Obligations Hereunder: The obligations of both of the parties hereunder are subject to the satisfaction of the following additional conditions at the Closing: i) The Buyer and the Seller shall have entered into an Operating Agreement in substantially the form of Exhibit "B", and (ii) the Buyer and the Seller shall have entered into an Employee Retention Agreement in substantially the form of Exhibit "C", and (iii) the Buyer and the Seller shall have entered into a Non-Competition Agreement in substantially the form of Exhibit "D. The Operating and Propane Air Supply Agreement (Exhibit "B"), the Employee Retention Agreement ("Exhibit "C") and the Non-Competition Agreement (Exhibit "D") shall and are intended to survive the Closing.

Section 8. Closing.

8.1 Time and Place of Closing. The consummation of the purchase and sale of the Purchased Assets is called the "Closing." The Closing will take place at a time and place to be mutually agreed to by the Parties within thirty (30) days after all necessary regulatory and other

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necessary approvals have been obtained. In the event that the Closing does not take place within thirty (30) days after all necessary regulatory and other necessary approvals have been obtained, a later date for the Closing shall be agreed to by the Parties, unless this Agreement shall have otherwise been terminated in accordance with the specific terms of this Agreement.

8.2 Deliveries by the Seller. At the Closing the Seller will deliver to the Buyer:

a) Bill of Sale. A Bill of Sale and General Assignment substantially in the form attached hereto as Exhibit E duly executed by the Seller conveying title to the Purchased Assets being sold to the Buyer;

(b) Certificates of Title. Certificates of title for all registered vehicles, heavy equipment or equipment that are included in the Purchased Assets, provided that certificates of title for the vehicles, heavy equipment or equipment referred to in Section 5.6 will be delivered as promptly as practicable after the Closing;

(c) Closing Certificate. The certificate described in Section 7.1(c);

(d) Other Instruments. Any other instruments of transfer and assignment of the Purchased Assets, including Opinions of Counsel concerning the validity, enforceability and authority of the Seller to enter into this Agreement, that the Buyer may reasonably request to vest in the Buyer the interests in the Purchased Assets being conveyed at the Closing in accordance with the terms of this Agreement.

8.3 Deliveries by the Buyer. At the Closing the Buyer will deliver to the Seller:

(a) Closing Certificate. The certificate described in Section 7.2(c).

(b) Payment. Payment, in cash, in the amount of \$50,000, as adjusted in accordance with this Agreement.

(c) An Opinion of Counsel concerning the validity, enforceability and authority of Buyer to enter into this Agreement.

8.4 Termination Rights. NYSEG shall have the right to terminate this Agreement at any time prior to Closing if it discovers any material facts, not presently apparent, that significantly undermine the value of the Purchased Assets. The Agreement shall be further contingent upon the lawfulness of the transfer and upon the receipt of all necessary regulatory approvals in a form acceptable to Buyer in its sole discretion to operate in the manner as contemplated by this Agreement prior to Closing.

Section 9. Additional Agreements.

9.1 Accounts Receivable. After the Closing, the Buyer, at no cost or expense to the Seller, will use its commercially reasonable efforts to collect, for the account of the Seller, the accounts receivable of the Business outstanding as of the Closing and will promptly remit to the Seller all amounts collected with respect to such accounts receivable. The Buyer's obligation under this Section 9.1 will be satisfied if the Buyer makes similar efforts to collect the Seller's accounts

receivable as the Buyer makes to collect its own accounts receivable. The Seller agrees that, for a period of ninety (90) days after the Closing, it will not make any effort to collect any accounts receivable of the Business except through the Buyer unless the Buyer shall have otherwise agreed in writing. Iberdrola / EnergyNorth
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9.2 Mail, Telephone, Etc. After the Closing, the Buyer will deliver to the Seller any mail, remittances and other deliveries received by the Buyer on behalf of the Seller or with respect to the Utility, will direct to the Seller, as appropriate, all telephone calls for the Seller that Buyer may receive and will forward to the Seller, as appropriate, all inquiries received by the Buyer relating to the Seller.

9.3 Transitional Services. After the Closing, the Seller will allow the Buyer to have access to, at no expense to the Buyer, the computers, computer peripherals and computer software included in the Excluded Assets used in connection with the Distribution System and/or billing for an interim period not to exceed three (3) months after Closing.

9.4 Survival of Representations and Warranties. The representations and warranties made by the parties in the Agreement or any certificate delivered pursuant to this Agreement will survive the Closing.

9.5 Indemnification.

(a) By the Seller. The Seller will indemnify, defend and hold harmless the Buyer, both before and after Closing, from and against all liabilities, losses, claims, demands and damages, including reasonable attorneys' fees (collectively, "Claims") arising out of or related to (i) any Excluded Liabilities, (ii) the operation or maintenance of the Property or the provision by Seller to Buyer of propane air, (iii) for any environmental liabilities whatsoever in any way associated with the Property or environmental liabilities not on the Property that is shown to have derived therefrom regardless whether such liabilities shall have matured before or after the Closing, or (iv) any breach of any representation or warranty made by the Seller to and for the benefit of the Buyer in or pursuant to this Agreement.

(b) By the Buyer. The Buyer will indemnify, defend and hold harmless the Seller from and against all Claims arising out of or related to (i) any Assumed Liabilities, (ii) the Buyer's operation of the Distribution System after the Closing or (ii) any breach of any representation or warranty made by the Buyer to and for the benefit of the Seller in or pursuant to this Agreement.

9.6 Covenant Not to Compete or Solicit.

(a) Seller's Covenant Not to Compete or Solicit. The Seller agrees that it will not (a) engage in any Competitive Activity in the State of New Hampshire, the State of Vermont, the State of New York or the State of Maine, (b) induce, solicit, aid or encourage any employee of the Buyer to leave such employ or (c) employ in connection with any Competitive Activity any person within one year after such person voluntarily leaves the employ of the Buyer, in each case for a period of six (6) years following the date of the Closing. "Competitive Activity" means directly or indirectly performing any services for, or owning any interest in, any person, corporation, partnership, business or other entity which engages in the business of selling energy or energy related services; provided that Competitive Activity does not include the distribution and/or sale of propane or

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propane air to Buyer and shall not include Seller's having the ability to continue to provide propane vapor to a shopping center directly adjacent to the Property, to the extent Seller has all needed Commission approvals to undertake such activity; provided, however, ownership of less than 5% of the stock of any entity listed on the NYMEX, NASDAQ, or other recognized exchange shall not be prescribed Competitive Activity. Such covenant not to compete or solicit shall be in place for a period of six (6) years and the parties agree that such restrictions on Competitive Activities are reasonable as to term and scope. The parties acknowledge that monetary damages would not provide the Buyer with an adequate remedy for breach of the Seller's covenant not to compete, and they therefore specifically agree that the Buyer will be entitled to injunctive relief in the event of any breach of the provisions of this covenant not to compete. In the event the Buyer prevails on the merits in any action to enforce the Seller's covenant not to compete through legal proceedings, the Seller agrees to pay to the Buyer any costs and attorneys' fees reasonably incurred by the Buyer in connection therewith. In the event the Buyer fails to prevail on the merits in any action to enforce the Seller's covenant not to compete through legal proceedings, the Buyer agrees to pay to the Seller any costs and attorneys' fees reasonably incurred by the Seller in connection therewith.

(b) — Buyer's Covenant Not to Compete or Solicit. Buyer agrees it will not directly or indirectly perform any service for, or own any interest in, any person, corporation, partnership, business or other entity which engages in the business of selling liquid propane to retail customers in Keene, New Hampshire. Such covenant not to compete or solicit shall be in place for a period of five (5) years, beginning June 23, 1998, and the parties agree that covenant not to compete or solicit is reasonable as to term and scope. Nothing herein shall prevent Buyer from competing to provide energy and/or energy services to the shopping centers adjacent to the Property. The parties acknowledge that monetary damages would not provide the Seller with an adequate remedy for breach of the Buyer's covenant not to compete, and they therefore specifically agree that the Seller will be entitled to injunctive relief in the event of any breach of the provisions of this covenant not to compete. In the event the Seller prevails on the merits in any action to enforce the Buyer's covenant not to compete through legal proceedings, the Buyer agrees to pay to the Seller any costs and attorneys' fees reasonably incurred by the Seller in connection therewith. In the event the Seller fails to prevail on the merits in any action to enforce the Buyer's covenant not to compete through legal proceedings, the Seller agrees to pay to the Buyer any costs and attorneys' fees reasonably incurred by the Buyer in connection therewith.

Section 10. Miscellaneous.

10.1 Expenses. Whether or not the transactions contemplated by this Agreement are consummated, the Buyer will pay its own expenses, and the Seller's will pay its own expenses, in connection with the negotiation, execution, delivery and performance of this Agreement, including without limitation the expenses of their respective counsel, accountants and other experts.

10.2 No Brokers or Finders. None of the Seller or the Buyer has engaged any agent, broker, finder or investment banker in connection with the transactions contemplated by this Agreement.

10.3 Notices. Any notices required or convenient to be given under this Agreement shall be in writing, and may be given by personal delivery or by mailing by United States first class mail, postage prepaid, addressed to the parties as follows:

If to the Buyer, to:

George Bonner
Vice President
New York State Electric & Gas Corporation
4500 Vestal Pkwy. East
Binghamton, NY 13902

If to the Seller, to:

Mr. Harry B. Sheldon, Jr.
President
Keene Gas Corporation
121 Mattison Drive
Concord, Massachusetts 01742

Notices given by personal delivery are effective upon delivery. Notices given by United States mail are effective two days after the date of mailing.

10.4 Entire Agreement. This Agreement sets forth the entire agreement of the parties hereto concerning the purchase and sale of the Purchased Assets. Any and all prior agreements, whether oral or written are superseded by this Agreement. This Agreement may only be modified or amended by an agreement in writing executed by each of the parties hereto. Nothing in this Agreement shall be construed to give any person other than the express parties hereto any rights or remedies.

10.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New Hampshire, without giving effect to the principles of conflict of laws thereof.

10.6 Assignment. Buyer shall be entitled to assign this Agreement to any affiliate of Buyer or as a part of any merger, consolidation or reorganization of Buyer. This Agreement shall not otherwise be assignable absent the written consent of the non-assigning party. Any assignment in derogation of this section shall be void.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first above written.

**NEW YORK STATE ELECTRIC & GAS
CORPORATION**

By: Seay E. Bonner

Title: Vice President

KEENE GAS CORPORATION

By: Harry B. Sheldon

Title: President

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OPERATING AND PROPANE AIR SALES SUPPLY AGREEMENT

This Operating and Propane Air Sales Supply Agreement dated November 1, 1998 is between New Hampshire Gas Corporation (the "Buyer"), on the one hand, and Keene Gas Corporation (the "Seller"), on the other hand.

WITNESSETH:

WHEREAS, the Buyer is purchasing certain specified assets of the Seller ("Purchased Assets") pursuant to an Asset Purchase Agreement dated April 30, 1998 between New York State Electric & Gas Corporation ("NYSEG"), on the one hand, and the Seller, on the other hand (the "Asset Purchase Agreement"), which Asset Purchase Agreement has been duly assigned to Buyer. Such specified assets include, but are not limited to, a Distribution System and certain miscellaneous trucks and equipment; and

WHEREAS, the Buyer and Seller's intent in the Asset Purchase Transaction is to effect a split of Keene Gas Corporation into two separate business entities, a propane air manufacturing and supply operation and a propane vapor supply business, which shall be retained, owned and operated by the Seller for a period to be determined by Buyer, and a regulated propane air distribution business, which shall be owned and operated solely by Buyer; and

WHEREAS, as part of the Asset Purchase Agreement and in accordance with requirements of the New Hampshire Public Utilities Commission (the "Commission"), the Seller has agreed to supply propane air to Buyer from its property located at 207 Emerald St., Keene, New Hampshire (the "Property") and to operate the Property for such period until Buyer finds an energy source such as natural gas, that can be used to supply the Buyer's customers in Keene, New Hampshire; and

WHEREAS, Buyer must have the Seller continue operating the Property and manufacturing for sale to Buyer sufficient quantities of propane air for such period to insure that the customers in Keene, New Hampshire receive a full and uninterrupted supply of propane air sufficient to meet their needs, until an alternate energy source found by Buyer; and

WHEREAS, Seller is willing to supply Buyer with propane air and to operate the Property for such period.

NOW THEREFORE, in consideration of the mutual agreements contained herein and in the Asset Purchase Agreement, the parties hereby agree as follows:

1. Seller's Duties and Responsibilities. Seller shall be responsible to undertake all acts that are necessary and appropriate to deliver a supply of propane air at the property line of the Property sufficient to meet all of the needs, including the peak needs, of Buyer and Buyer's customers,

including but not limited to, purchasing and storing propane, manufacturing propane air, operating the Property, maintaining and repairing the tanks and all equipment owned by Seller which is located on the Property or which is otherwise necessary for Seller to undertake its duties hereunder, insuring adequate staff is contracted for and is and will be available to safely and reliably operate the Property and to handle any emergencies that may arise and to deliver the propane air to Buyer in accordance with any then applicable New Hampshire Public Utilities Commission (the "Commission") requirements and rules. Sales of propane air to Buyer shall be on a firm basis and shall be interruptible only in the event of force majeure.

2. Buyer's Duties and Responsibilities. Buyer shall be required to purchase the Keene, New Hampshire customers' requirements of propane air only from Seller, except in cases of Force Majeure or during any period(s) where Seller fails to deliver an adequate supply of propane air to satisfy all of the requirements of Keene customers. Buyer's duties hereunder shall continue for the period to be determined by Buyer in its sole discretion, until Buyer shall have found and made operational an alternate energy supply source off of the Property to supply Buyer's customers with their energy requirements and Buyer shall have the further duty to deliver the propane air that Seller delivers to Buyer to Keene customers in accordance with Commission rules and requirements.

3. Payment. Buyer shall be required to pay Seller for the operation of the Property and for the delivery of propane air to Buyer by reimbursing Seller for all of its actual, reasonable Costs incurred by Seller in making delivery of propane air to Buyer in accordance with this Agreement, plus an operating fee of \$5,000.00 per year (prorated for a portion of any year), which Costs shall be payable only until such time as Buyer advises Seller that it has found an alternative site and/or energy supply type (such as natural gas) and that Seller's service will no longer be required.

4. Seller's Costs. Costs shall include only the actual, reasonable costs of purchasing propane and any transportation costs to the Property, commercially reasonable insurance premium costs, reasonable accounting costs, depreciation expense up to a maximum of \$5,000 per year, costs associated with obtaining and/or maintaining all necessary licenses, permits or other regulatory or legal authorizations necessary to enable Seller to deliver propane air to Buyer at the property line of the Property, taxes on the Property, equipment and/or operation (but not including income taxes), costs of retaining or contracting for operating personnel, repair, upkeep and maintenance costs on the Property or on the equipment on the Property as may be necessary for Seller to operate the Property and provide a safe and reliable supply of propane air to Buyer sufficient to serve all of the needs of propane air customers in Keene and all other minor incidental operating costs (hereinafter collectively referred to as "Costs"). All of Seller's actual, reasonable Costs shall be reimbursed. Costs, notwithstanding the other provisions of this Agreement, shall not include the cost of executive or managerial salaries, unless otherwise agreed by Buyer nor the costs of any investigation, clean up, or remediation of any Hazardous Substance(s) currently on, adjacent to or off of the Property for which Seller is or may become liable, costs associated with damages or injuries (including death) to persons or property caused by or relating to the operation of the Property or delivery of propane air to Buyer or attorney fee costs in defending any such claims or actions, or major plant additions (which shall be project expense for any single project which exceeds \$10,000 or any series of related projects which exceed \$10,000 in the aggregate). All of

Seller's actual, reasonable Costs, as limited and described herein, shall be paid for by Buyer to Seller as reimbursable costs for Seller to operate the Property and deliver propane air to Buyer.

5. Term. This Operating Agreement shall have an effective date as the date of the Closing on the Asset Purchase Agreement (the "Effective Date") or on such other date as may be determined by the parties on the Closing Date and shall remain in place until such time as Buyer advises Seller, with a minimum of ninety (90) days advance written notice, that an alternative site or alternative energy supply source for Buyer's customers has been secured and that Seller's services under this Agreement are no longer required.

6. Seller's Covenants. Seller covenants that it will have adequate facilities, tanks and other equipment on the Property to enable Seller to provide an uninterrupted, safe and reliable supply of propane air sufficient to serve all of the needs of Buyer's propane air customers in Keene in accordance with all Commission requirements. Seller agrees that it shall retain the obligation of keeping the Property in good repair so that deliveries can be safely and reliably made to Buyer both before and after Closing until the period referred to above has ended.

7. Buyer's Covenants. Buyer covenants that it shall purchase from Seller all of the propane air requirements of Buyer's customers in Keene, New Hampshire during the term of this Agreement, in accordance with Section 2 above. Buyer further covenants that it will keep the Distribution System Buyer is purchasing from Seller pursuant to the Asset Purchase Agreement in good operating repair so that Buyer will be ready and able to accept Seller's supply of propane air at the property line of the Property and to operate the Distribution System in accordance with all applicable Commission rules and requirements.

8. Delivery Point. The Delivery Point shall be a point at the connection point(s) between Seller's facilities on the Property into the Distribution System at the property line of the Property.

9. Quality Specifications and Pressures. The propane air that Seller shall deliver shall at all times meet the following quality specifications: the standard heat content value of the propane delivered at the Delivery Point shall be 74 therms per 100 cubic ft.; Seller's maximum and minimum propane air delivery pressures at the property line of the Property shall be such that it permits Buyer (without adding compression, new pressure regulation or other similar equipment) to comply with Section PUC 504.03 of the New Hampshire Code of Administrative Rules and; Seller's propane air shall comply with the purity and odorant requirements of the New Hampshire Code of Administrative Rules, Chapter PUC 500, Rules for Gas Service.

In the event the propane air Seller delivers shall at any time shall fail to meet the quality or pressure specifications set forth above, it shall be considered a breach of Seller's duties and obligations hereunder and Buyer shall have no duty to accept propane air which does not meet the quality or pressure specifications set forth above and Buyer may seek alternative propane air or other energy supply services during any period when Seller fails to provide an uninterrupted supply of propane air to Buyer at the Delivery Point sufficient to meet all of the needs of Keene customers and, except in the case of force majeure, Seller shall pay Buyer any reasonable incremental costs over the Cost that would otherwise be payable to Seller.

10. Buyer's Rights in the Event of Default. In the event Seller defaults under this Agreement and any such default is not corrected within ten (10) days of notice of the default by Buyer, or, if the Seller fails to keep the Property at all times in good and safe operating repair or otherwise fails to undertake in a timely manner any act which is reasonably necessary to insure that all of the propane air requirements of Keene customers including the peak requirements of those customers will be met, Buyer shall have the right, as Seller's agent and in Seller's name, to hire a contractor on Seller's behalf or purchase such equipment, commodity or supplies as may be necessary and appropriate to correct the problem(s) so that, at all times, all of the propane air requirements of Keene customers will be met and to insure the Property will at all times be operated in a good, workmanlike and safe manner in accordance with Commission requirements and rules. In the event Seller shall at any time fail to provide sufficient propane air to meet all of the requirements of Keene Customers, Buyer shall have the right to take whatever steps it deems necessary to supply the shortfall, including but not limited to, making purchases of propane air or other energy from third parties to supply Keene's propane air customer needs.

11. Indemnities by the Seller. The Seller will indemnify, defend and hold harmless the Buyer from and against all liabilities, losses, claims, demands and damages, including reasonable attorneys' fees (collectively, "Claims") arising out of or related to (i) any Excluded Liabilities, (ii) the operation or maintenance of the Property, (iii) the provision by Seller to Buyer of propane air up to and at the Delivery Point, or (iv) for any environmental liabilities whatsoever in any way associated with the Property or environmental liabilities not on the Property that are shown to have derived therefrom regardless whether such liabilities shall have matured before or after the Closing on the Asset Purchase Agreement between the parties. Notwithstanding the above provisions, Seller shall also remain responsible for and shall fully indemnify Buyer against any damages or injuries, including death, downstream of the Delivery Point if it is shown that out-of-specification propane air that Seller has delivered is responsible for the damage, injury or death.

12. Indemnities by the Buyer. The Buyer will indemnify, defend and hold harmless the Seller from and against all Claims arising out of or related to (i) any Assumed Liabilities, (ii) the Buyer's operation of the Distribution System, (iii) any breach of any representation or warranty made by the Buyer to and for the benefit of the Seller in or pursuant to this Agreement or (iv) any damages, other than those specified in Paragraph 11 above, downstream of the Delivery Point.

13. Force Majeure. Force Majeure shall mean accidents strikes, legal process, State or Municipal interference, or any cause whatsoever beyond Seller's reasonable control and which could not have been reasonably avoided and which prevents Seller from delivering propane air to Buyer at the Delivery Point or which prevents Buyer from taking propane air for ultimate delivery to Keene customers.

14. Notices. Except as herein otherwise provided, any notice, request, demand, statement or bill provided for in this Agreement, or any notice which either party may desire to give the other, shall be in writing and shall be considered as duly delivered when mailed by registered or certified mail to the Post Office address of the receiving party, as set forth below or at such other address as either party shall designate by written notice as provided herein. Routine communications, including

monthly statements and bills, shall be considered as duly delivered when mailed by either registered, certified, or ordinary mail. Notwithstanding any other provision hereof, any notice changing the address of a party, for purposes of this Agreement shall be considered duly delivered when received by the addressee. Notice shall be made as follows:

If to the Buyer, to:

George Bonner
President
New Hampshire Gas Corporation
4500 Vestal Pkwy. East
Binghamton, NY 13902

If to the Seller, to:

Mr. Harry B. Sheldon, Jr.
President
Keene Gas Corporation
121 Mattison Drive
Concord, Massachusetts 01742

15. Billing and Payment. Seller shall submit an invoice for its Costs in making delivery of propane air to Buyer hereunder by the tenth day of each calendar month for the services rendered in the prior month. Buyer shall pay such invoice on the later of the 25th day of the billing month or ten (10) days after the receipt of the invoice. If any portion of an invoice is in dispute, Buyer shall pay the undisputed portion and shall provide Seller with a formal written notice of the amount in dispute and a detailed description of the specific basis of the dispute. Upon determination of the correct amount, the disputed amount shall be paid, if appropriate, within thirty (30) days, with interest.

16. Regulatory Authority. This Agreement is subject to all valid existing and future laws, rules, regulations and orders of all governmental authorities (federal, state and local) having jurisdiction over the parties hereto or the subject matter hereof. The duties of the parties hereunder shall be contingent upon the receipt and continuance of any necessary franchise from the Commission and from any city or municipality and shall be contingent upon the receipt and continuance of any and all other necessary regulatory authorizations and permits. A party may request changes to the tariffs or applicable Commission rules or requirements that are applicable or which may relate to this Agreement.

17. Severability. If any provision of this Agreement is determined to be invalid or unenforceable, the provision shall be deemed to be severable from the remainder of this Agreement and shall not cause the invalidity or unenforceability of the remainder of this Agreement. If any provision of this Agreement does not comply with any law, ordinance or regulation of any governmental or quasi-governmental authority, now existing or hereinafter enacted, such provision shall to the extent possible be interpreted in such a manner so as to comply with such law, ordinance or regulation, or

if such interpretation is not possible, it shall be deemed amended to satisfy the requirements thereof.

18. Interpretation and Performance. The interpretation and performance of this Agreement shall be in accordance with the laws of the State of New Hampshire, without reference to its conflict of laws provisions.

19. Assignment. This Agreement shall be binding upon the successors and assigns of the Buyer and Seller. No assignment of this Agreement shall be valid without the prior written consent of the parties hereto; provided however, Buyer may assign this Agreement to any affiliate or in the context of any merger, consolidation or reorganization. Any assignment in derogation of these provisions shall be void.

20. Capitalized Terms. Except as otherwise set forth herein, capitalized terms shall have the same meanings as ascribed to them in the Asset Purchase Agreement between the parties.

IN WITNESS WHEREOF, the undersigned have executed this Agreement on the date first above written.

NEW HAMPSHIRE GAS CORPORATION

By: *Benny E. Bonner* 
Title: President 

KEENE GAS CORPORATION

By: *Harry B. Sheldon Jr.*
Title: President

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After Recording, Return to:

McLane, Graf, Raulerson & Middleton, P.A.
P.O. Box 326
Manchester, NH 03105-0326

NOTICE OF OPTION, RIGHT OF FIRST REFUSAL AND RIGHT TO OCCUPY

Notice of the following Option, Right of First Refusal and Right to Occupy granted by the below named Owner to the below named Holder is hereby given:

OWNER: Keene Propane Corporation, a New Hampshire corporation, f/k/a Keene Gas Corporation

HOLDER: New Hampshire Gas Corporation, a New Hampshire corporation

DATE OF EXECUTION: _____, 2014

DESCRIPTION: See Exhibit A.

TERM: _____, 2014 to _____, 2026

OPTIONAL ADDITIONAL
TERMS, RIGHTS OF
EXTENSION OR RENEWAL: 3 additional terms of one (1) year each

[signatures on following page]

EXECUTED as an instrument under seal effective as of the _____ day of _____,
2014.

OWNER:

HOLDER:

KEENE PROPANE CORPORATION

NEW HAMPSHIRE GAS CORPORATION

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

STATE OF NEW HAMPSHIRE
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2014
by _____, _____ of Keene Propane Corporation, on behalf of
the corporation.

Notary Public/Justice of the Peace
Printed Name: _____
My Commission Expires: _____
[SEAL]

STATE OF NEW HAMPSHIRE
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____, 2014
by _____, _____ of New Hampshire Gas Corporation, on
behalf of the corporation.

Notary Public/Justice of the Peace
Printed Name: _____
My Commission Expires: _____
[SEAL]

EXHIBIT A

Description

EXHIBIT B

Settlement Agreement

SETTLEMENT AGREEMENT WITH MUTUAL RELEASES

This Settlement Agreement with Mutual Releases (this “Agreement”) dated as of March 21, 2014, is among New Hampshire Gas Corporation (“NHGC”), New York State Electric & Gas Corp. (“NYSEG”), and Keene Propane Corporation (formerly known as Keene Gas Corporation) (“KPC”).

RECITALS

A. NYSEG and KPC were the parties to an Asset Purchase Agreement dated April 30, 1998 (the “Asset Purchase Agreement”).

B. NHGC and KPC are the parties to an Operating and Propane Air Sales Supply Agreement dated November 1, 1998 (the “Supply Agreement”), and other related agreements entered into on or about November 1, 1998 (such other agreements, together with the Supply Agreement and the Asset Purchase Agreement, are collectively referred to as the “1998 Transaction”).

C. Disputes have arisen between NHGC and NYSEG, on one hand, and KPC, on the other hand, concerning the terms of and the parties’ performance under the agreements comprising the 1998 Transaction (the “Disputes”).

D. NHGC, NYSEG and KPC are the parties to an action entitled *Keene Propane Corporation v. New Hampshire Gas Corporation and New York State Electric & Gas Corp.*, pending in the Superior Court of New Hampshire, Cheshire County, Docket No. 213-2012-CV-00055 (the “Action”), in which the parties have asserted their respective claims and defenses concerning the Disputes.

E. The parties have agreed to settle and resolve the Disputes and the Action as provided in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

TERMS OF AGREEMENT

1. **Payment.** On or before the date of the Closing (as defined in paragraph 4 below), NHGC shall cause to be paid to KPC the sum of [REDACTED] (the “Payment”).

2. **Method of payment.** The Payment shall be made by wire transfer to the following bank account designated by KPC:

Bank:
Bank Address:

ABA Number:
Credit to:
Account Number:
Reference:



3. **Amended Supply Agreement.** Contemporaneously with the parties entering into this Agreement, NHGC and KPC shall enter into an agreement amending the Supply Agreement (the “Amended Supply Agreement”) on terms mutually agreed to that are consistent with this Agreement.

4. **Closing.** This Agreement will become effective on the date (the “Closing” date) when all of the following events shall have occurred: (a) each party to this Agreement shall have signed and delivered to the other parties a counterpart of this Agreement duly signed by its authorized representative and acknowledged before a notary public, (b) the Payment shall have been made, and (c) NHGC and KPC shall have signed and delivered to each other a counterpart of the Amended Supply Agreement (as defined in paragraph 3 above). If the Closing has not occurred by March 31, 2014, this Agreement shall be null and void, and each party will retain all rights it would have had as if this Agreement had not been entered into.

5. **Mutual releases.** As of and upon the Closing, each party hereby releases all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, in law, admiralty or equity, known or unknown, that it had, has or may have had against each other party concerning the 1998 Transaction and the claims and defenses asserted or that could have been asserted in the Action, provided, however, that these mutual releases do not apply with respect to the parties’ rights and obligations under this Agreement or the Amended Supply Agreement, and further, provided, that nothing in this Agreement shall prevent the Parties from taking action against each other in the event of any breach of this Agreement or the Amended Supply Agreement. These mutual releases are irrevocable and shall bind each party as well as each party’s employees, officers, directors, shareholders, agents, representatives, attorneys, affiliates, successors, and assigns.

6. **Dismissal of Action.** Within five (5) days following the Closing, counsel for the parties will file with the court a stipulation of dismissal of the Action with prejudice under Rule 39 of the Rules of the Superior Court of the State of New Hampshire Applicable in Civil Actions.

7. **No admission of fault or liability.** Nothing herein shall constitute or be construed as an admission of liability or fault by any party hereto.

8. **Confidentiality of Agreement:** The parties agree that all aspects of the terms of this Agreement and the negotiations leading up to this Agreement will remain strictly confidential, and will not be disclosed to any third person under any circumstances; provided that (a) the parties may disclose such matters to their attorneys, tax advisors, or accountants to the extent such a disclosure is necessary to obtain legal, tax, or accounting advice, and KPC may disclose such matters to its shareholders, as long as each such individual or entity agrees to maintain the confidentiality of the information; (b) the parties may disclose this Agreement and its terms to any potential purchasers of their respective businesses; (c) the parties may disclose this Agreement and its terms to the extent required by applicable law or regulatory obligation; and (d) the parties may disclose the Agreement to the extent necessary to enforce it. Otherwise, if inquiry is made about this Agreement or the Action, the parties agree to say that the matter is resolved. If further inquiry is made, a party will refer the inquirer to that party's counsel. Neither party shall be liable to each other under this confidentiality provision if any such individual or entity to whom such matters are disclosed should disclose such matters to other persons, provided that NHGC, NYSEG or KPC, as the case may be, did not cause or engage in such disclosure. For purposes of this confidentiality provision, "KPC" means KPC's officers and directors.

9. **Cooperation.** The parties to this Agreement will use their reasonable efforts, and will cooperate with each other to secure all material consents, approvals, authorizations, exemptions and waivers from third parties as shall be required to enable each of them to effectuate this Agreement, and will otherwise use their commercially reasonable efforts to cause the consummation of the transactions contemplated hereby. Neither party shall take any action inconsistent with this Agreement. If either of NHGC or NYSEG requests KPC's cooperation pursuant to this provision, and such cooperation would require KPC to incur expenses, such as travel expenses or attorneys' fees, then the requesting party shall pay KPC all such reasonable expenses, provided that KPC shall first provide the requesting party with an estimate of such expenses and the requesting party shall have the right to pre-approve such expenses.

10. **Tax treatment.** No party makes any representation or warranty to any other party with respect to the tax treatment of any transaction contemplated by this Agreement. In no case shall any party have any responsibility or liability to another party arising out of or relating to the tax consequences of any such transaction.

11. **Non-assignment of claims.** Each of the parties represents and warrants that it has not assigned any claims released herein and that it has the sole right to enter into this Agreement.

12. **Costs and attorneys' fees.** Each party shall bear its own costs and attorneys' fees incurred in connection with this Agreement and the prosecution or defense of the Action.

13. **Successors.** This Agreement shall be binding on and inure to the benefit of

the parties' respective successors (if any).

14. **Entire agreement.** This Agreement, and the Amended Supply Agreement being entered contemporaneously herewith, constitute a complete statement of the entire settlement agreement among the parties with respect to the subject matter hereof, and supersedes all prior agreements, promises, covenants, arrangements, communications, representations and warranties, whether written or oral, by any party hereto, and, except as otherwise expressly provided herein, there are no other collateral or oral agreements among the parties. Any agreement purporting to amend or change the terms of this Agreement must be in writing and signed by the parties hereto.

15. **Counterparts.** This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

16. **Further assurances.** Each party agrees to execute and deliver any additional documents and instruments and perform any additional acts that may be reasonably necessary or appropriate to effectuate the provisions of this Agreement.

17. **Notices.** All notices and other communications required under this Agreement shall (unless otherwise specifically provided herein) be in writing and be delivered personally, by recognized commercial courier or delivery service which provides a receipt, by telecopier (with receipt acknowledged), or by registered or certified mail (postage prepaid), at the following addresses:

If to NHG: New Hampshire Gas Corporation
 Attn: Stephen Rokes
 80 Pearl Street
 Keene, New Hampshire 03431
 Phone: (603) 352-1230

If to NYSEG: New York State Electric & Gas Corporation
 Attn: Mark V. Dolan, Deputy General Counsel
 18 Link Drive
 Binghamton, New York 13902
 Phone: 607-762-7743
 Email: Mark.Dolan@iberdrolausa.com

If to KPC: Keene Propane Corporation
 Attn: Nancy Sheldon, General Manager
 262 Central Park West, Apt. 8B
 New York, NY 10024
 Phone: 212-724-9844
 Email: keenepropane@gmail.com

18. **Governing law.** This Agreement and the legal relations among the parties hereto shall be governed by and construed in accordance with the laws of the State of New

Hampshire without regard to its conflicts of law doctrine.

19. **Jurisdiction.** The parties hereto hereby irrevocably submit any dispute under this Agreement to the exclusive jurisdiction of any federal or state court located in New York City, New York. The Parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law. Each party hereto waives, to the fullest extent permitted by applicable laws, any right it may have to a trial by jury in respect of any action, suit or proceeding arising out of or relating to this Agreement. Each of the parties hereto hereby consents to process being served by any party to this Agreement in any suit, action or proceeding by the delivery of a copy thereof in accordance with the provisions of Section 17.

20. **Construction.** This Agreement embodies the arms-length negotiation and mutual agreement among the parties hereto and shall not be construed against any party as having been drafted by such party. Each of the parties acknowledges that it (through its representatives): (i) has read this Agreement and fully understands the contents and legal effects thereof; (ii) has been given a reasonable amount of time to consider this settlement; and (iii) desires to enter into this Agreement and is doing so voluntarily.

[Signatures appear on next page.]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed by such party, by its authorized officer, as of the date first above written.

NEW HAMPSHIRE GAS CORPORATION

By: 

Kevin E. Walker
President

By: _____
Teresa Bradford
Vice President and Controller
Cayuga Energy, Inc. (Control)

NEW YORK STATE ELECTRIC & GAS CORPORATION

By: _____
Mark Lynch
President and Chief Executive Officer

By: _____
Joseph J. Syta
Vice President, Controller & Treasurer

KEENE PROPANE CORPORATION
(formerly known as Keene Gas Corporation)

By: _____
Paul B. Sheldon
President

[Acknowledgements appear on next page.]

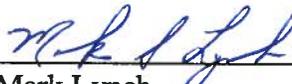
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President

By: _____
Teresa Bradford
Vice President and Controller
Cayuga Energy, Inc. (Control)

NEW YORK STATE ELECTRIC & GAS CORPORATION

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President and Chief Executive Officer

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By: _____
Paul B. Sheldon
President

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Kevin E. Walker
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By: _____
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Cayuga Energy, Inc. (Control)

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By: _____
Paul B. Sheldon
President

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By: _____
Kevin E. Walker
President

By: Teresa Bradford
Teresa Bradford
Vice President and Controller
Cayuga Energy, Inc. (Control)

NEW YORK STATE ELECTRIC & GAS CORPORATION

By: _____
Mark Lynch
President and Chief Executive Officer

By: _____
Joseph J. Syta
Vice President, Controller & Treasurer

KEENE PROPANE CORPORATION
(formerly known as Keene Gas Corporation)

By: _____
Paul B. Sheldon
President

[Acknowledgements appear on next page.]

Acknowledgments

STATE OF NEW YORK)
) s.s.:
COUNTY OF)

On the day of , in the year 2014, before me, the undersigned, personally appeared **Kevin E. Walker**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF Virginia
COUNTY OF Fairfax, s.s.:

The foregoing instrument was acknowledged before me this 20 day of March 2014, by **Teresa Bradford**, Vice President and Controller of Cayuga Energy, Inc., authorized to sign as Control Representative for New Hampshire Gas Corporation, who [] is personally known to me or produced Florida Drivers License (type of identification) as identification.



[Signature]
Notary Public

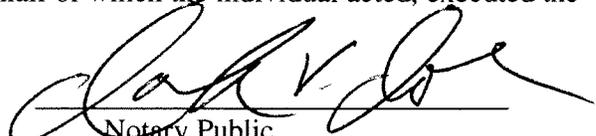
STATE OF NEW YORK)
) s.s.:
COUNTY OF)

On the day of , in the year 2014, before me, the undersigned, personally appeared **Mark Lynch**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that his signature on the instrument, the individual, or the person upon behalf of which the individual acted executed the instrument

STATE OF NEW YORK)
) s.s.:
COUNTY OF MONROE)

On the 21st day of March, in the year 2014, before me, the undersigned, personally appeared **Joseph J. Syta**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

MARK V. DOLAN
Notary Public, State of New York
No. 02DO4976515
Qualified in Broome County
My commission expires January 14, 2015



Notary Public

STATE OF _____,
COUNTY OF _____, s.s.:

The foregoing instrument was acknowledged before me this ____ day of March 2014, by Paul B. Sheldon, President of Keene Propane Corporation, who [] is personally known to me or [] produced _____ (type of identification) as identification.

Notary Public

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed by such party, by its authorized officer, as of the date first above written.

NEW HAMPSHIRE GAS CORPORATION

By: _____
Kevin E. Walker
President

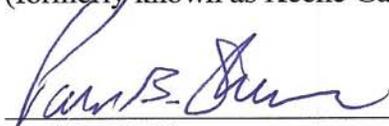
By: _____
Teresa Bradford
Vice President and Controller
Cayuga Energy, Inc. (Control)

NEW YORK STATE ELECTRIC & GAS CORPORATION

By: _____
Mark Lynch
President and Chief Executive Officer

By: _____
Joseph J. Syta
Vice President, Controller & Treasurer

KEENE PROPANE CORPORATION
(formerly known as Keene Gas Corporation)

By:  _____
Paul B. Sheldon
President

[Acknowledgements appear on next page.]

STATE OF NEW YORK)
) s.s.:
COUNTY OF)

On the _____ day of _____, in the year 2014, before me, the undersigned, personally appeared **Joseph J. Syta**, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his capacity, and that his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Notary Public

STATE OF NEW YORK,
COUNTY OF NASSAU, s.s.:

The foregoing instrument was acknowledged before me this 21ST day of March 2014, by Paul B. Sheldon, President of Keene Propane Corporation, who [] is personally known to me or [] produced NYS DRN. LIC. (type of identification) as identification.



Notary Public

LOURDES O. DAVID
NOTARY PUBLIC, STATE OF NEW YORK
NO. 01DA6052904
QUALIFIED IN NASSAU COUNTY
Commission Expires 12/26/2014

DISCLOSURE SCHEDULES

to

Stock Purchase Agreement

Dated as of April 9, 2014

by and among

IBERDROLA USA ENTERPRISES, INC.
as Seller,

and

LIBERTY UTILITIES (ENERGYNORTH NATURAL GAS) CORP.,
as Buyer

Section 2.4(c) of the Disclosure Schedule (Director and Officer Resignations)

Directors:

Robert D. Kump
R. Scott Mahoney
Kevin E. Walker

Officers:

Kevin E. Walker – President
Michael D. Eastman – Treasurer
R. Scott Mahoney – Secretary

Section 3.4(a) of the Disclosure Schedule (Share Ownership)

| Company | Authorized Capital Stock | Number of Issued and Outstanding Shares of Capital Stock | Record and Beneficial Holder of Shares of Capital Stock |
|-------------------------------|---------------------------------|---|--|
| New Hampshire Gas Corporation | 1,000 shares | 25 | 100% - Iberdrola USA Enterprises, Inc. |

Section 3.5 of the Disclosure Schedule (Governmental Approvals)

1. Approval from New Hampshire Public Utilities Commission.
2. Prior approval from Federal Communications Commission for the transfer of all control of all Federal Communications Commission licenses held by the Company.

Section 4.4 of the Disclosure Schedule (Financial Statements)

(see next page)

New Hampshire Gas Corporation
GAAP Balance Sheet

| | Dec, 2012 | Mar, 2013 | Jun, 2013 |
|--|-----------------------|-----------------------|-----------------------|
| Assets | | | |
| <i>Current Assets</i> | | | |
| Cash and cash equivalents | \$591,507.17 | \$700,693.76 | \$1,029,116.70 |
| Accounts Receivable, net | 496,058.42 | 564,119.24 | 173,734.82 |
| Fuel | 63,698.36 | 75,732.89 | 34,068.34 |
| Materials and Supplies | 107,392.65 | 117,461.98 | 115,414.22 |
| Prepayments & other current assets | 182,625.37 | 85,000.85 | 34,668.18 |
| Total Current Assets | 1,441,281.97 | 1,543,008.72 | 1,387,002.26 |
| <i>Utility Plant, at Original Cost</i> | | | |
| Natural Gas | 4,530,552.30 | 4,577,473.38 | 4,538,321.27 |
| Less: accumulated depreciation | 1,639,894.88 | 1,687,100.70 | 1,690,277.88 |
| Net Utility Plant in Service | 2,890,657.42 | 2,890,372.68 | 2,848,043.41 |
| Construction work in progress | 45,137.58 | 0.00 | 35,626.09 |
| Total Utility Plant | 2,935,795.00 | 2,890,372.68 | 2,883,669.50 |
| <i>Regulatory and Other Assets</i> | | | |
| Reg Assets - Deferred Gas Costs | 79,564.72 | 113,866.89 | (54,878.46) |
| Total Regulatory Assets | 79,564.72 | 113,866.89 | (54,878.46) |
| Other | 0.00 | (27,501.78) | (37,949.12) |
| Total Other Assets | 0.00 | (27,501.78) | (37,949.12) |
| Total Regulatory and Other Assets | 79,564.72 | 86,365.11 | (92,827.58) |
| Total Assets | \$4,456,641.69 | \$4,519,746.51 | \$4,177,844.18 |
| Liabilities | | | |
| <i>Current Liabilities</i> | | | |
| Accounts payable and accrued liabilities | 376,983.21 | 193,592.78 | 114,364.70 |
| Taxes accrued | 61.22 | 101,615.14 | 3,248.12 |
| Other | 144,959.57 | 95,804.93 | 89,708.10 |
| Total Current Liabilities | 522,004.00 | 391,012.85 | 207,320.92 |
| <i>Regulatory and Other Liabilities</i> | | | |
| <i>Regulatory Liabilities</i> | | | |
| Deferred Income taxes | 45,193.89 | 59,094.84 | (9,289.21) |
| Total Regulatory Liabilities | 45,193.89 | 59,094.84 | (9,289.21) |
| <i>Other Liabilities</i> | | | |
| Deferred Income Taxes | 290,438.67 | 320,776.26 | 352,021.10 |
| Total Other Liabilities | 290,438.67 | 320,776.26 | 352,021.10 |
| Total Liabilities | 857,636.56 | 770,883.95 | 550,052.81 |
| Commitments | | | |
| <i>Common Stock Equity</i> | | | |
| Common stock (\$.01 par value) | 0.25 | 0.25 | 0.25 |
| Capital in excess of par value | 3,679,979.69 | 3,679,979.69 | 3,679,979.69 |
| Retained Earnings | (80,974.81) | 68,882.62 | (52,188.57) |
| Total Shareholders Equity | 3,599,005.13 | 3,748,862.56 | 3,627,791.37 |
| Total Equity | 3,599,005.13 | 3,748,862.56 | 3,627,791.37 |
| Total Liabilities and Stockholders Equity | \$4,456,641.69 | \$4,519,746.51 | \$4,177,844.18 |

Section 4.4 of the Disclosure Schedule (Financial Statements) (continued)

| New Hampshire Gas Corporation | | | |
|---|----------------------|--------------------------------------|-------------------------------------|
| GAAP Income Statement | | | |
| | YTD Dec, 2012 | Quarter ended March, 2013 | Quarter ended June, 2013 |
| Operating Revenues | | | |
| Sales and Service | 3,509,643.17 | 1,569,237.15 | 620,412.30 |
| Operating Expenses | | | |
| Natural Gas purchased | 2,255,113.22 | 926,897.55 | 462,375.71 |
| Other Operating expenses | 933,573.80 | 256,028.39 | 248,433.49 |
| Maintenance | 158,761.79 | 38,167.94 | 29,679.15 |
| Depreciation and amortization | 191,811.56 | 47,205.82 | 45,217.16 |
| Other taxes | 86,965.01 | 31,362.97 | 31,301.77 |
| Total Operating Expenses | 3,626,225.38 | 1,299,662.67 | 817,007.28 |
| Operating Income | (116,582.21) | 269,574.48 | (196,594.98) |
| Other (Income) | (6,049.48) | (1,486.08) | (673.35) |
| Other Deductions | 69,998.51 | 18,355.47 | 6,966.94 |
| Interest Charges, Net | 3,107.30 | 314.27 | 609.31 |
| Income Before Taxes | (183,638.54) | 252,390.82 | (203,497.88) |
| Income Taxes | (73,989.47) | 102,533.39 | (82,426.69) |
| Net Income | (109,649.07) | 149,857.43 | (121,071.19) |
| Income Before Extraordinary Item | (109,649.07) | 149,857.43 | (121,071.19) |
| Net Income | (109,649.07) | 149,857.43 | (121,071.19) |

Section 4.4 of the Disclosure Schedule (Financial Statements) (continued)

| New Hampshire Gas Statement of Cash Flows | | | |
|--|-------------------|------------------|--------------------|
| | YTD | 1st Qtr | 2nd Qtr |
| | 12/31/2012 | 3/31/2013 | 6/30/2013 |
| Operating Activities | | | |
| Net income | (\$109,649) | \$149,857 | (\$121,071) |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Depreciation and amortization | 191,812 | 47,206 | 45,217 |
| Income taxes and investment tax credits deferred, net | 125,819 | 44,239 | (37,139) |
| Changes in current operating assets and liabilities | | | |
| Accounts receivable, net | 20,647 | (68,061) | 390,384 |
| Inventory | 132,918 | (22,104) | 43,712 |
| Prepayments and other current assets | (86,775) | 97,625 | 50,333 |
| Accounts payable and accrued liabilities | 16,387 | (183,390) | (79,228) |
| Taxes accrued | (173,214) | 101,554 | (98,367) |
| Other current liabilities | 54,668 | (49,155) | (6,097) |
| Deferred gas cost | 104,899 | (34,302) | 188,745 |
| Other assets | - | 27,502 | 10,447 |
| Net Cash Provided by Operating Activities | <u>277,511</u> | <u>110,971</u> | <u>366,937</u> |
| Investing Activities | | | |
| Gas plant additions | (289,402) | (1,784) | (38,514) |
| Net Cash Provided by (Used in) Investing Activities | <u>(289,402)</u> | <u>(1,784)</u> | <u>(38,514)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (11,891) | 109,187 | 328,423 |
| Cash and Cash Equivalents, Beginning of Period | 603,399 | 591,507 | 700,694 |
| Cash and Cash Equivalents, End of Period | <u>\$591,508</u> | <u>\$700,694</u> | <u>\$1,029,117</u> |

Section 4.5 of the Disclosure Schedule (Undisclosed Liabilities)

None.

Section 4.6 of the Disclosure Schedule (Absence of Certain Changes)

None.

Section 4.7 of the Disclosure Schedule (Legal Proceedings)

1. Gas Natural litigation:

| | |
|--|---|
| Plaintiffs: Gas Natural Inc. | Defendants: Iberdrola S.A. (“ISA”) Iberdrola USA, Inc. (“IUSA”) |
| Attorneys: Jonah E. McCarthy Akin Gump Strauss Hauer & Feld, LLP | Attorneys: Edward Sapphiro Latham & Watkins, LLP |
| Cause of action: 28 USC § 1332(a)(2) – Breach of contract where parties are diverse and damages are in excess of \$75,000 | |
| Court: Federal District Court for the Southern District of New York Case was assigned to Judge Abrams | |
| Complaint filed on: September 10, 2013 | |
| <p>The Complaint filed by Gas Natural, Inc. (“Gas Natural”) has two counts, which are both under law of contract: (i) breach of contract claim and (ii) a promissory estoppel claim. Both claims are with respect to a Letter of Intent signed on June 4, 2013 by and between ISA, IUSA and Gas Natural concerning Gas Natural’s potential purchase of New Hampshire Gas Corporation. There is no request for injunctive relief (preliminary or permanent).</p> <p>The substance of the Complaint submitted by Gas Natural is based on the flawed assumption that the Letter of Intent created a binding obligation on ISA and IUSA to negotiate in good faith the terms of a sale of New Hampshire Gas Corporation’s shares to Gas Natural, which in the opinion of Gas Natural was not contractually discharged by ISA and IUSA. However, the complaint ignores the explicit non-binding provision that applies to the entirety of the Letter of Intent.</p> | |

Section 4.9 of the Disclosure Schedule (Regulatory Matters)

None.

Section 4.11(b) of the Disclosure Schedule (Environmental Matters)

None.

Section 4.12(a) of the Disclosure Schedule (Owned Real Property)

Land parcel located on Production Avenue in Keene, New Hampshire (referred to as Lots 702-01-05-06; 11; 12; 13; 14 & 15 Production Avenue).

Section 4.12(b) of the Disclosure Schedule (Leased Real Property)

Leased property located at 80 Pearl Street, Keene, New Hampshire 03431 described in Lease Agreement between R & M Realty, Inc. and the Company dated March 16, 2012.

Section 4.14(a) of the Disclosure Schedule (Contracts)

1. Operating and Propane Air Sales Supply Agreement, dated as of November 1, 1998, by and between Keene Propane Corporation and the Company, as amended by virtue of the Amended Operating and Propane Air Sales Supply Agreement, dated as of March 21, 2014 (attached as Exhibit A to the Agreement).
2. The Propane Supply Agreement between Gavilon and the Company dated April 25, 2013.
3. The Asset Purchase Agreement between New York State Electric & Gas Corporation and Keene Gas Corporation dated April 30, 1998.
4. The Agreement of Assignment, Assumption and Novation between New York State Electric & Gas Corporation and Keene Gas Corporation dated November 1, 1998.
5. Settlement Agreement with Mutual Releases, dated as of March 21, 2014, among the Company, New York State Electric & Gas Corp. and Keene Propane Corporation (attached as Exhibit B to the Agreement).

Section 4.15 of the Disclosure Schedule (Insurance)

NH GAS Corporation

Insurance Summary as of June 1, 2013

(All Coverage are Under Iberdrola USA Corporate Insurance Program)

| Coverage Type | Policy Type | Broker | Carrier(s) | Limits | Aggregate | Deductible / Retention | Coverage Trigger | Term | Policy # |
|-------------------------------|--|--------|-----------------------|-----------------------|----------------------|------------------------|---------------------|-----------------------|-----------------|
| Liability | I. Excess General Liability | Aon | AEGIS | \$ 35,000,000 | \$ 70,000,000 | \$ 1,000,000 | "Claims first made" | 6/1/2013-6/1/2014 | XL5112402P |
| | | | EIM | \$ 15,000,000 | \$ 15,000,000 | 6/1/2013-6/1/2014 | | 252470-13GL | |
| | | | | Total Limits | \$ 50,000,000 | | | | |
| | II. Primary General Liability | Aon | Liberty Mutual | \$ 1,000,000 | | \$ 10,000 | Occurrence | 6/1/2013-6/1/2014 | 621-004547-690 |
| Property | I. Property Boiler & Machine | Aon | Allianz | 95% Quota Share | | Various | Occurrence | 6/1/2011 - 6/1/2012 | CLP3012548 |
| | | | EM / NEIL | 5% Quota Share | 6/1/2011 - 6/1/2012 | | | 310564-13GP | |
| | | | Total Limits | \$ 250,000,000 | | | | | |
| Fiduciary | Fiduciary Liability | Willis | Chubb | \$25,000,000 | | \$100,000 | Claims Made | 1/1/2013 - 12/31/2013 | 6211-4292 |
| | | | AEGIS | \$25,000,000 | | | | FX5006913P | |
| | | | EIM | \$25,000,000 | | | | 27176513FL | |
| | | | Liberty International | \$10,000,000 | | | | PT4N766662013 | |
| | | | Chartis | \$15,000,000 | | | | 15885180 | |
| Crime Coverage | I. Crime Bond / Policy | Aon | National Union | \$ 15,000,000 | | \$ 250,000 | | 6/1/2013-6/1/2014 | 019324199 |
| | | | | \$20,000,000 - ERISA | | | | | |
| Workers Compensation | II. Workers' Comp. (Guaranteed Cost) | Aon | AIG | Statutory | | Guaranteed Cost | Occurrence | 6/1/2011-6/1/2012 | WC059901093 |
| Business Auto | NH Gas does there own Placement - would need to get information from Christy Davis | | | | | | | | |
| Professional Liability | I. Employed Lawyers | Aon | ACE American | \$ 2,000,000 | | \$ 25,000 | | 6/1/2013-6/1/2014 | EONG24586169003 |

Section 4.16(a) of the Disclosure Schedule (Collective Bargaining Agreement)

The Company is not a party to any collective bargaining agreement in effect on the date of the Agreement relating to its employees.

Employees

Personnel Name

Position

| | |
|------------------|---------------------------------|
| Stephen Rokes | Manager |
| John Livingood | Plant Operator |
| Ronald Bausum | Assistant Plant Operator |
| Christy Davis | Lead Analyst – Accounting |
| Robert Pierce | Gas Service Technician |
| Linda Crump | Customer Service Representative |
| Ethan Looman | Gas Service Technician |
| Scott Strickland | Construction Laborer |

Section 4.16(c) of the Disclosure Schedule (Employee Benefits Plans)

1. Iberdrola USA Management Corporation Health Plan
2. Iberdrola USA Management Corporation Flexible Spending Account Plan
3. Iberdrola USA Management Corporation Life & Accidental Death and Dismemberment Plan
4. Iberdrola USA Management Corporation Business Travel Accident Insurance Plan
5. Iberdrola USA Management Corporation Disability Plan (Short and Long Term)
6. New York State Electric & Gas 401(k) and Severance Plans

Section 4.16(d) of the Disclosure Schedule (Employee Claims)

None.

Section 5.4 of the Disclosure Schedule (Governmental Approvals)

1. Approval from New Hampshire Public Utilities Commission.
2. Prior approval from Federal Communications Commission for the transfer of all control of all Federal Communications Commission licenses held by the Company.

Section 6.1 of the Disclosure Schedule (Conduct of Business)

None.

Section 8.1(a) of the Disclosure Schedule (Governmental Consents)

1. Approval from New Hampshire Public Utilities Commission.
2. Prior approval from Federal Communications Commission for the transfer of all control of all Federal Communications Commission licenses held by the Company.

Section 10.1 of the Disclosure Schedule (Indemnification by the Seller)

1. Gas Natural litigation:

| | |
|--|---|
| Plaintiffs: Gas Natural Inc. | Defendants: Iberdrola S.A. (“ISA”) Iberdrola USA, Inc. (“IUSA”) |
| Attorneys: Jonah E. McCarthy Akin Gump Strauss Hauer & Feld, LLP | Attorneys: Edward Sapphiro Latham & Watkins, LLP |
| Cause of action: 28 USC § 1332(a)(2) – Breach of contract where parties are diverse and damages are in excess of \$75,000 | |
| Court: Federal District Court for the Southern District of New York Case was assigned to Judge Abrams | |
| Complaint filed on: September 10, 2013 | |
| <p>The Complaint filed by Gas Natural, Inc. (“Gas Natural”) has two counts, which are both under law of contract: (i) breach of contract claim and (ii) a promissory estoppel claim. Both claims are with respect to a Letter of Intent signed on June 4, 2013 by and between ISA, IUSA and Gas Natural concerning Gas Natural’s potential purchase of New Hampshire Gas Corporation. There is no request for injunctive relief (preliminary or permanent).</p> <p>The substance of the Complaint submitted by Gas Natural is based on the flawed assumption that the Letter of Intent created a binding obligation on ISA and IUSA to negotiate in good faith the terms of a sale of New Hampshire Gas Corporation’s shares to Gas Natural, which in the opinion of Gas Natural was not contractually discharged by ISA and IUSA. However, the complaint ignores the explicit non-binding provision that applies to the entirety of the Letter of Intent.</p> | |

Section 11.13(a) of the Disclosure Schedule (Target Closing Net Working Capital)

**Net Working Capital
3/31/2013**

Reference Statement

This Reference Statement provides an example using March 31, 2013 balances of the form and manner in which Net Working Capital will be calculated for the Adjustment to Purchase Price described in Section 2.3. Net Working Capital shall be calculated in accordance with GAAP and then adjusted for the Adjustments, as set forth in the schedule and notes below.

| | NHG | Adjustments | Net Working Capital |
|--|------------------------|------------------------|----------------------|
| Current Assets | | | |
| Cash and cash equivalents | \$ 700,693.76 | \$ (700,694) | \$ - |
| Special deposits | | | \$ - |
| Investments Available for Sale | | | \$ - |
| Accounts Receivable, net | | | \$ - |
| Bad Debt Allowance | \$ (5,000.00) | | \$ (5,000) |
| Accounts Rec | \$ 170,064.71 | | \$ 170,065 |
| Unbilled Rec | \$ 398,300.61 | | \$ 398,301 |
| Accts Rec Affil | \$ 753.92 | \$ (754) | \$ - |
| | | | \$ - |
| Fuel | \$ 75,732.89 | | \$ 75,733 |
| Materials and Supplies | \$ 117,461.98 | | \$ 117,462 |
| Current Derivative Assets | | | \$ - |
| Accumulated Deferred Income Taxes | | | \$ - |
| Prepayments & other current assets | | | \$ - |
| Prepaid Misc | \$ 5,230.00 | | \$ 5,230 |
| Prepaid Insurance | \$ 40,093.27 | \$ (40,093) | \$ - |
| Prepaid Property Taxes | \$ 39,677.58 | | \$ 39,678 |
| Total Current Assets | \$ 1,543,008.72 | \$ (741,541) | \$ 801,468 |
| Liabilities | | | |
| Current Liabilities | | | |
| Current portion of long-term debt | | | \$ - |
| Current portion of preferred stock of subsidiary | | | \$ - |
| Notes Payable | | | \$ - |
| Accounts payable and accrued liabilities | | | \$ - |
| Accounts Pay - Trade | \$ 5,378.19 | | \$ 5,378 |
| Accrued Pay - Trade | \$ 126,415.89 | | \$ 126,416 |
| Payroll Accruals | \$ 8,121.74 | | \$ 8,122 |
| Payroll Deductions Pay | | | \$ - |
| AP Affil (Ex from Sale) | \$ 53,676.96 | \$ (53,677) | \$ - |
| AP Vendor | | | \$ - |
| Unearned Income - NEISO | | | \$ - |
| Gross Receipts Tax - PA | | | \$ - |
| Utility Tax Accrued - NYC | | | \$ - |
| Sales & Use Tax | | | \$ - |
| Interest accrued | | | \$ - |
| Taxes accrued | \$ 101,615.14 | | \$ 101,615 |
| Derivative Liability Current | | | \$ - |
| Unfunded Future Income Taxes - Current | | | \$ - |
| Accumulated deferred income tax, net | | | \$ - |
| Other | | | \$ - |
| 2013 Employee Incentive Plan Accruals | \$ 4,111.26 | | \$ 4,111 |
| Budget Billing | \$ 28,546.42 | | \$ 28,546 |
| Customer Deposits | \$ 63,147.25 | | \$ 63,147 |
| Total Current Liabilities | \$ 391,012.85 | \$ (53,677) | \$ 337,336 |
| Net Net Working Capital | \$ 1,151,995.87 | \$ (687,863.99) | \$ 464,131.88 |