

E.ON U.S. LLC

**Response to the AG's Request for Information
Dated February 1, 2008**

Case No. 2007-00455

Question No. 25

Witness: Valerie L. Scott

Q-25. Provide documents which show the current size of E.ON's U.S. markets by state as divided between retail, wholesale and other (or other/different market descriptions as applicable).

A-25. Please see table below for the number of customers by state.

**AVERAGE NUMBER OF CUSTOMERS PER MONTH AS OF
DECEMBER 31, 2006**

	Kentucky: Electric	Kentucky: Gas	Virginia: Electric	Tennessee: Electric
Residential	759,428	297,666	25,381	5
Small Commercial, Large Commercial & Industrial	119,036	24,096	3,648	0
Large Industrial	2,281	282	96	0
Public Street & Highway Lighting	4,928	0	42	0
Other Public Authorities	9,597	1,049	796	0
Sales for Resale & Wholesale sales	48	0	0	0
Total	895,318	323,093	29,963	5

E.ON U.S. LLC

**Response to the AG's Request for Information
Dated February 1, 2008**

Case No. 2007-00455

Question No. 26

Witness: David Sinclair

Q-26. Assume the Application is not approved by the Commission. Identify and describe each material harm that would occur as a result of this non-approval, and the estimated point in time at which it would occur:

d. To E.ON.

A-26. d. The material harm that would occur to E.ON U.S. LLC as a result of the Commission denying the Joint Application is described at page 18 of Mr. Thompson's testimony (i.e., the performance of an uneconomic set of contracts and their associated exposure of E.ON U.S. LLC to uncertain and unfavorable financial results through 2023.)

E.ON U.S. LLC

**Response to the AG's Request for Information
Dated February 1, 2008**

Case No. 2007-00455

Question No. 80

Witness: Paul Thompson

- Q-80. Please reference the testimony of Paul W. Thompson, page 3. Provide all documents which relate to, analyze data, and support "LEC's lease and power purchase and sale bid proposal" to the Bankruptcy Court in February 1997, including documents prepared internally by E.ON or any of its subsidiaries or affiliates, or prepared by outside consultants, investment bankers, etc.
- A-80. Please see the public records of the Bankruptcy Court in *In re: Big Rivers Electric Corp.*, Case No. 96-41168 (E.D. Ky.) and the public records of the Public Service Commission in *In the Matter of the Application of Big Rivers Electric Corporation, Louisville Gas and Electric Company, Western Kentucky Energy Corp., Western Kentucky Leasing Corp., and LG&E Station Two Inc. for Approval of Wholesale Rate Adjustment for Big Rivers Electric Corporation and for Approval of Transaction*, PSC Case No. 97-204. Certain documents that were readily available are attached hereto.

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF KENTUCKY

IN RE:)
)
) CHAPTER 11
BIG RIVERS ELECTRIC CORPORATION,)
) CASE NO. 96-41168
)
DEBTOR(S))
)
_____)

MEMORANDUM-OPINION
AND ORDER

This matter comes before the Court on the Motion of Big Rivers Electric Corporation ("Big Rivers") for extension of its exclusivity period and LG&E Energy Corp.'s ("LG&E") Objection to this Motion. LG&E's Objection is not directed at the legal and factual merits of Big Rivers' Motion. Rather, the Objection is in essence an attempt to "reopen" the bidding for the acquisition of Big Rivers' assets. This objection, "supported" by at least two other interested potential bidders, goes to the very heart of the Debtor's Chapter 11; i.e., whether the Debtor-in-possession has met its fiduciary duty of maximizing the value of the estate. Accordingly, it is imperative that the Court immediately address this critical issue. See generally Commodity Futures Trading Comm'n v. Weintraub, 471 U.S. 343 (1985); In re Perez, 30 F.3d 1209 (9th

Cir. 1997); In re Financial News Network, Inc., 980 F.2d 155 (2d Cir. 1992); In re Embrace Systems Corp., 178 B.R. 112 (Bkrctcy. W.D. Mich. 1995).

In the present case, the Debtor has reached agreement with nearly all of its Creditors on a Plan calling for, in essence, a complex lease of its assets to a major supplier of electricity, PacifiCorp Kentucky Energy Company ("PKEC"). However, Green River Coal Corporation ("GRCC"), a Creditor holding a large contingent, disputed, unliquidated claim has not consented to this Plan. Therefore, the Debtor has the fiduciary duty to consider other offers which, under the totality of circumstances of a Chapter 11 case, will result in a greater return to the Creditors of the Estate. See generally, In re Financial News Network, Inc., 980 F.2d 155 (2d Cir. 1992). Big Rivers argues that it can prove it has met its fiduciary duty by pursuing the "firm and in hand" offer of PKEC and rejecting the still preliminary offer of LG&E and other entities. Other parties, being primarily GRCC and the potential bidders, argue that Big Rivers has failed to meet its fiduciary duty in this case. If the parties were permitted

to fully litigate this issue, the costs and delays accompanying such litigation would be tremendous and all prospects of the settlement would be lost. Therefore, in an effort to circumvent this litigation nightmare and at the same time finally resolve the questions surrounding the Debtor's fulfillment of its fiduciary duty to maximize the value of its assets, the Court will impose its own solution.

This Court has attached hereto and made a part hereof certain Bidding Process and Allocation of Enhanced Value and will allow any interested party to bid as set forth herein. Any interested party who fails to meet the specified bid conditions will not be allowed to participate in the bidding process, in the event that it occurs. If no party complies with the conditions, no bid process shall be held and the Debtor may proceed with the Plan process.

The Court believes that the above procedure sets forth a prompt and fair resolution of the issue regarding Big River's fiduciary duty to maximize the value of its assets for the benefit of its Creditors. The above limited bid process will insure the Debtor's good faith and compliance with its

fiduciary duty in this matter. See generally, In re Financial News Network, Inc., 980 F.2d 165 (2d Cir. 1992); Matter of Embrace Systems Corp., 178 B.R. 112 (Bkrctcy. W.D. Mich. 1995).

Moreover, the bidding procedure is fair to the prospective bidders. For nearly the past two years, numerous interested parties have been able to investigate the Debtor, its assets and perform at least a thorough preliminary round of "due diligence." During this bankruptcy proceeding, this Court has required Big Rivers to produce all requested information to assist these parties in making bids. Indeed, two parties have made preliminary bids, which Big Rivers has rejected. While this Court has held that the bidders have a right to make an offer for Big Rivers, these offers shall only be considered if they do not place the Debtor's "bird in the hand"--i.e., PKEC--at risk. The prospective bidders will not be allowed the opportunity to make an eleventh hour bid in this case unless they are also willing to assume the risk of being required to step into PKEC's shoes and complete that transaction. While the parties may need additional time to perform additional "due diligence" to enhance their bids over

UNITED STATES BANKRUPTCY COURT
FOR THE
WESTERN DISTRICT OF KENTUCKY

IN RE:)
) CHAPTER 11
BIG RIVERS ELECTRIC CORPORATION)
) CASE NO. 96-41168
)
Debtor)
)
_____)

BIDDING PROCESS AND ALLOCATION OF ENHANCED VALUE

The bidding process, and the allocation of enhanced value produced at the auction scheduled for March 19, 1997, shall be as follows:

1. Any entity which begins the due diligence process relative to the debtor (the due diligence process),¹ as well as PacifiCorp Kentucky Energy Company (PKEC) and PacifiCorp Holdings, Inc., (PHI) if they bid on March 19, 1997 (the Bid Date), shall be deemed to have submitted to the jurisdiction of this Court for all purposes, and shall be bound by any Order entered in this case which involves that entity.
2. On or before Monday, February 24, 1997, at 4:30 p.m. (EST) any entity which intends to begin the due diligence process shall deliver to the office of J. Baxter Schilling, Examiner, 1513 So. Fourth Street,

¹ An entity shall be determined to have begun the due diligence process relative to the debtor if it seeks any information from the debtor on or after February 25, 1997.

Louisville, Kentucky, 40208 the following:

- a. The bid form attached hereto as Exhibit 1 signed by the bidding entity and its Guarantying Corporation.
- b. The waiver form attached hereto as Exhibit 2 signed by the bidding entity and its Guarantying Corporation.
- c. A certified check for \$100,000.00 made payable to Big Rivers Electric Corporation which sum is non-refundable.

If no entity complies with the terms of this paragraph by the aforesated deadline, the auction process contemplated herein shall not occur, the remaining paragraphs of this document shall not apply, and the debtor shall proceed with its plan of reorganization using the PKEC Transaction (as defined in Exhibit 1) as the basis for its plan.

3. The due diligence process shall begin on Tuesday February 25, 1997, at 9:00 a.m. (EST) and shall terminate on March 12, 1997, at 4:30 p.m. (EST).
4. If PKEC and PIII intend to bid at the auction on March 19, 1997, they must fulfill the following conditions including delivery of the documents specified below to the Examiner at his aforesated address, prior to 4:30 p.m. (EST) on March 3, 1997:

- a. Sign the waiver form attached hereto as Exhibit 2.
- b. Sign a document, in a form acceptable to the Court, extending the deadline to close the PKEC Transaction from May 31, 1997, to October 31, 1997. This document shall specifically amend Article IX, paragraph 9.1(e) of the Omnibus Agreement by substituting October 31, 1997 for May 31, 1997.
- c. A release, in a form acceptable to the Court, which waives and releases any and all claims of repudiation, or other breaches, of the Omnibus Agreement by Big Rivers Electric Corporation through the date the release is provided to the Court.

If PKEC and PHI fail to comply with any of these conditions prior to 4:30 p.m. (EST) on March 3, 1997, no bid shall be accepted from either entity by the Court on the Bid Date.

5. On March 3, 1997, any entity that began the due diligence process shall provide to the Examiner, BFE and the RUS the following:

- (a) the last 2 years of audited financial statements of the Guarantying Corporation;

- (b) the most current unaudited financial statement of the Guarantying Corporation, including all notes to such financial statement;
- (c) a notarized statement signed by the chief financial officer of the Guarantying Corporation that he or she knows of no material adverse change to the Guarantying Corporation's balance sheet or financial condition since the date of its most recent audited financial statement (or if such material adverse change does exist to explain, in detail, what constitutes the change);
- (d) a notarized statement from the Guarantying Corporation's certified public accounting firm stating, to the best of its knowledge there has been no material adverse change in the balance sheet or financial condition of the Guarantying Corporation since it issued its last audited financial statement (or if such material adverse change does exist to explain, in detail, what constitutes that change).

If either the Examiner, BREC, or the RUS raise an

objection to the Court relating to whether the Guarantying Corporation has sufficient assets or resources to secure properly the obligations of the successful bidder, the Court will, on an expedited basis, determine that issue. If the Court determines that such Guarantying Corporation has sufficient assets or resources (including irrevocable letters of credit) to secure properly the obligations of the successful bidder, the bidder may bid. If the Court determines the Guarantying Corporation has insufficient assets or resources to secure properly the obligations of the bidder, then the bidder shall not be entitled to bid. Further, if the Court determines the Guarantying Corporation does not have sufficient assets or resources to secure properly the obligations of the bidder, this Court may impose a fine on the bidder and the Guarantying Corporation of not less than \$10,000,000.00, and may award such other damages as it deems appropriate.

6. The debtor's counsel shall complete all documents necessary to effectuate the PKEC Transaction not later than March 10, 1997, which documents shall be subject to review by any entity which begins the due diligence process. The Court is aware that most of the aforestated documentation is already drafted, and

debtor's counsel is cautioned that the finalization of this documentation shall be completed in good faith and as expeditiously as is possible. If PKEC is the successful bidder it (and PHI) will also be required to execute, at closing, the documentation to be produced for review by the aforestated entities.

7. On or before March 10, 1997, the debtor and the Rural Utilities Service (RUS) shall finalize all negotiations, and complete all documentation, with the financial entity which shall issue the substitute letter(s) of credit contemplated under the PKEC Transaction.
8. The Bid Date shall be March 19, 1997.
9. During the due diligence process the debtor, its agents, consultants, professionals, turn-around specialist, and attorneys shall cooperate fully with any entity which begins the due diligence process. This cooperation shall include, but shall not be limited to, providing access to all written information, and answering all questions, which the requesting entity reasonably needs to know to inform itself fully relating to the debtor. If the Court determines that the debtor, its agents, consultants, professionals, turn-around specialist or attorneys have not fully cooperated with the entities in this due

diligence process, the Court shall enter severe sanctions against the offending entity or individual, including the disallowance of part, or all, of any compensation in the case. Based on the aforesaid potential sanctions, the Court does not believe any disputes shall arise, however, if any dispute arises involving the availability of any information, or lack thereof, deemed necessary by the entity requesting such information, all such disputes shall be resolved by the Examiner.

10. After receipt of the \$100,000.00 non-refundable checks from the bidders, the Examiner shall send those checks to the debtor. The debtor shall deposit the checks into a separate interest-bearing escrow account pending further Orders of this Court. PacifiCorp shall not be required to pay the aforesaid \$100,000.00 non-refundable deposit.
11. If an entity which begins the due diligence process has not already done so, and the debtor so requests, the debtor's standard confidentiality agreement shall be executed by the entity. Similarly, any bidder or Guarantying Corporation may request execution of a confidentiality agreement relating to financial documents, not available to the public, required to be disclosed under paragraph 5 above.

12. On the Bid Date there shall be two sets of bids submitted to the Court. The first bid shall relate to the PKEC Transaction (sometimes referred herein as the Leasehold Transaction or Option). The second bid shall relate to an Acquisition Transaction. No bidder shall be required to bid on the Acquisition Transaction; however, all bidders shall be required to bid on the Leasehold Transaction. The bidding process relating to the Leasehold Transaction and the Acquisition Transaction will now be addressed.
13. Relating to the Leasehold Transaction, the required bid form (Exhibit 1), binds the Bidder and the Guarantying Corporation to all terms, including rates, identical to the agreement and plan negotiated between PKEC and BREC, except that the deadline to complete the transaction is extended to October 31, 1997.
14. In addition to the Leasehold Transaction bid (Exhibit 2 attached hereto) required to be made in this case, Exhibit 3 shall be the bid form a Bidder and its Guarantying Corporation must use if they intend to enhance the present value of the Leasehold Transaction. Sealed bids shall be received by the Court from each Bidder on the Bid Date relating to the enhanced value of the Leasehold Transaction. Subject to the PacifiCorp minimum enhanced value exception described

in paragraph 20 below, the highest and best bid on the Leasehold Transaction shall be that entity which bids the highest United States dollars on Exhibit 3. The highest bidder, if other than PKEC, would then be substituted in all respects for PKEC in the PKEC Transaction, and the Guarantying Corporation for such entity would be substituted in all respects for PacifiCorp Holdings, Inc., in the PKEC Transaction.

15. If the four Co-ops and both Smelters execute the waiver form set forth as Exhibit 4, then 50% of the enhanced value shall be paid to the Co-ops and Smelters (herein sometimes called rate-payers) in the form of rate reduction as specified in paragraph 17 herein, and the remaining 50% of the enhanced value shall be paid to the creditors of this estate, as specified in paragraph 16 below. If any one of the Co-ops fail to sign the waiver form then that Co-ops' 10% of the enhanced value assigned to the rate-payers shall be paid to creditors of the estate. If NSA fails to sign the waiver form its 35% share of the enhanced value assigned to the rate-payers shall be paid to creditors of the estate. If Alcan Aluminum fails to sign the waiver form then its 25% share of the enhanced value assigned to the rate-payers shall be paid to creditors of the estate. All waiver forms must be signed by the Co-ops and

Smelters on or before March 3, 1997, to participate in any enhanced value produced to the estate under the bidding process.

16. The enhanced value paid to the creditors shall be divided among the creditors of this estate as follows:
 - (a) RUS will be allotted 66% of the enhanced value received by creditors,
 - (b) The Chase Manhattan Bank and The Bank of New York (the Banks) will be allotted 20% of the enhanced value received by creditors, and
 - (c) all other creditors of the estate will be allotted 14% of the enhanced value received by creditors.The enhanced value shall be paid to these creditors as follows: (1) At the election of the RUS, its enhanced value shall be paid by an upward adjustment of its interest rate (using 6.91% as the discount rate) on the restructured debt owed to the RUS by the debtor, or through increased annual lease payments (using a 6.91% discount rate), to an amount equal to the RUS' enhanced value. On or before March 7, 1997, the RUS shall provide to all bidders eligible to bid at the March 1997 auction, a pro forma which demonstrates the effect a \$1,000,000.00 enhancement to it would have on its interest rate and on its annual lease payments. The pro forma amount would then be used to calculate the actual increase in interest rate adjustment on the

RUS' note, or its increase in annual lease payments, once the actual enhanced value to the RUS is known. Provided, however, if the total enhancement to the RUS is \$7,000,000.00 or less, then the entire \$7,000,000.00 enhancement shall be paid to the RUS by the successful bidder at closing. The RUS can further elect to reduce its enhanced value to the \$7,000,000.00 lump sum payment at closing in lieu of an increased adjustment in the interest rate on its note, or an increase in its annual lease payments; (2) the Banks shall receive their share of the enhanced value as a credit against the amount they are otherwise required to pay under the PKEC Transaction at closing relating to their liability under the pollution control bonds; and, (3) the remaining creditors share of the enhanced value shall be paid in cash, at closing, to be allocated between creditors as will be determined subsequently by the Court.

17. Assuming all Co-ops and both Smelters sign the required waiver forms set forth on Exhibit 4, the rate-payers' share of the enhanced value shall be paid in the form of annual rate reductions to be passed through to them by BREC. The allocation of benefit from the enhanced value shall be 60% to the Smelters and 40% to the Co-ops for the benefit of their Rural and non-Smelter

Industrial customers, as well as Commonwealth Aluminum. (See Exhibit 5 attached hereto.) In order to ensure there is no dispute over this issue, and assuming the Smelters and Co-ops sign the requisite waiver form, the Smelters and Co-ops are ordered to submit jointly to the Court on or before March 3, 1997 a pro-forma which will demonstrate to the potential bidders the effect of the aforesaid rate reduction on an annual basis during the term of the leasehold. The pro-forma should be based on an assumed rate reduction per \$1,000,000.00 of enhanced value, which pro-forma could then be utilized by multiplying the number of millions of dollars of rate reduction which the Co-ops and Smelters receive under the enhanced bid by the numbers contained in the pro-forma.

18. There shall be no contingencies authorized in any bid under either the Leasehold or Acquisition Options. If any contingencies are set forth on any bid, the bid will be ignored by the Court in determining which bidder is the highest and best bid. All bids shall be firm and binding on the bidder and the Guarantying Corporation.
19. Unless otherwise determined by this Court, this shall be the only bidding process which the Court entertains. No other additional proposals, bids or other written

commitments shall be considered by the debtor, the Examiner, or the Court. If, for instance, an unsuccessful bidder on the Bid Date wishes to submit subsequently another bid which sets forth even a higher amount than declared to be the highest and best bid by the Court, no such bid will be entertained. This bidding process is intended to resolve expeditiously and finally the issue of the highest and best offer for this debtor.

20. If PKEC and PHI sign the Court required documents specified in paragraph 4 above, which allow their bid to be recognized by the Court, then in addition to not being required to pay the \$100,000.00 fee to bid on the Bid Date, PKEC shall be declared the highest and best bid under its current agreements with BREC, if no other entity bids on the Bid Date under the Leasehold Option at least \$10,000,000.00 of enhanced value. To ensure there are no disputes relating to the construction of this \$10,000,000.00 minimum enhancement the Court provides the following examples relating only to the Leasehold Option: (1) PKEC bids \$15,000,000.00 of enhanced value, Bidder #1 bids \$8,000,000.00 of enhanced value and Bidder #2 bids \$9,000,000.00 of enhanced value, then PKEC would be declared the highest and best bid at its current, non-enhanced price since

no bidder except PKEC bid over \$10,000,000.00; (2) PKEC bids \$15,000,000.00 of enhanced value, Bidder #1 bids \$8,000,000.00 of enhanced value and Bidder #2 bids \$12,000,000.00 of enhanced value, then PKEC would be declared the highest and best bid and it would be required to pay the enhanced \$15,000,000.00 since at least one other bidder offered more than \$10,000,000.00 of enhanced value; (3) PKEC bids \$15,000,000.00 of enhanced value, Bidder #1 bids \$8,000,000.00 of enhanced value and Bidder #2 bids \$15,000,001.00 of enhanced value, then Bidder #2 would be declared the highest and best bid.

21. The Court will also receive on the Bid Date binding non-contingent bids relating to an acquisition of the assets of the debtor, (herein Acquisition Transaction or Option). No additional fees will be required to bid on this Acquisition Option. (All bidders must bid on the Leasehold Option and fees will be collected from bidders as stated above.) While all entities are required to bid on the Leasehold Option if they begin the due diligence process, no entity is required to bid on the Acquisition Option. There shall exist no threshold enhanced value requirement in favor of PKEC under the Asset Acquisition Option.

22. On or before March 7, 1997, the Co-ops and any entity,

including PKEC, which complies with the requirements contained herein to bid, shall negotiate a new contract concerning the Co-ops' all-requirements contracts, and to which the Co-ops would consent to an assignment of those contracts to the highest and best bidder under the Acquisition Option. The Court instructs that these negotiations be completed in good faith. In negotiating these contracts the parties shall assure that the negotiated contracts must produce sufficient value to provide payments to creditors of this estate on at least as favorable (and identical) terms as exist under the PKEC Transaction.

23. Debtor's counsel shall prepare by March 10, 1997, all documents which the debtor believes are reasonably required to effectuate and close an Asset Acquisition transaction. The same warnings previously given to counsel for the debtor under the Leasehold Option relating to drafting these documents in good faith shall apply here.
24. On March 12, 1997, the Court shall distribute to all entities entitled to bid on March 19, 1997, the required bid form relating to the Asset Acquisition Option. The Court's bid form relating to the Asset Acquisition Option shall be the only bid form relating

to that option which a bidding entity may use on March 19, 1997.

25. The Court will first conduct the bidding on the Leasehold Option. Unless otherwise determined by the Court, the Court will receive at approximately 9:30 a.m. on March 19, 1997 (EST), in open court, written, sealed bids relating to the Leasehold Option. As stated above, only one bid will be accepted from each bidder relating to the Leasehold Option. The aforestated bids relating to the Leasehold Option will not be opened and announced by the Court until the bidding is also complete on the Acquisition Option. The bidding on the Acquisition Option shall occur, in open court, directly after the Court has received the bids relating to the Leasehold Option. Only one bid will be made to the Court by each bidder relating to the Acquisition Option. After the Court has received the bids relating to the Leasehold Option and the Acquisition Option, he shall open the bids from the bench. He shall first announce the Leasehold Option bids and thereafter he shall announce the Acquisition Option bids. The Court will determine from the bids, based on the United States dollars bid in the enhanced portion of each bid, which bidder is the highest and best bid under both the Leasehold Option and the Acquisition Option. Unless

otherwise permitted by the Court, the debtor may not propose a plan of reorganization relating to the Leasehold Option unless the Court-announced highest and best bidder under the Leasehold Option is set forth as the leasing entity under that plan, nor may the debtor propose a plan of reorganization relating to the Acquisition Option unless the Court-announced highest and best bidder under the Acquisition Option is set forth as the acquiring entity under that plan.

BID FORM
(Leasehold Option)

_____ (Bidder) shall be substituted for PacifiCorp Kentucky Energy Company (PKEC) and _____ (Guarantying Corporation) shall be substituted for PacifiCorp Holdings, Inc. (PHI) in the Plan of Reorganization filed on January 22, 1997, all documentation prepared by Big Rivers Electric Corporation to close and effectuate the aforesated plan and all required provisions contained in the Omnibus Agreement entered into between BREO, PKEC and PHI (including all amendments, schedules, attachments or exhibits to such documents)[the PKEC Transaction]; provided, however, in all such documents, where applicable, including but not limited to Article IX, paragraph 9.1(e) of the Omnibus Agreement, the deadline to close the aforesated transaction is extended from May 31, 1997, to October 31, 1997. The individuals signing below represent and warrant they are authorized by their respective companies to make the aforesated bid.

NAME: _____
TITLE: _____
COMPANY _____ (Bidder)

NAME: _____
TITLE: _____
COMPANY _____ (Guarantying Corporation)

WAIVER FORM
(Bidder/Guarantying Corporation)

_____ (Bidder) and _____ (Guarantying Corporation), hereby waives their right to file any pleading or other documents or writings before any federal or state administrative agency, including but not limited to the Kentucky Public Service Commission (KPSC) and the Federal Energy Regulatory Commission (FERC) which in any manner attempts to (a) interfere with the successful implementation of the plan of reorganization confirmed by the U.S. Bankruptcy Court for the Western District of Kentucky (the Court) in the Big Rivers Electric Corporation's Chapter 11 proceeding (the Proceeding); (b) criticizes, disparages, or in any manner questions the bidding process, or the allocation of enhanced value, established by the Court in the Proceeding; (c) criticizes, disparages, or in any manner questions the actions of Big Rivers Electric Corporation relating to its resolution process; (d) takes any action or files any pleading before the KPSC which delays or interferes with the approval of, or implementation of, the rate structure approved in the plan of reorganization confirmed by the Court in the Proceeding; (e) attempts in any manner to delay the actions of the KPSC in approving, in as expeditious a manner as the KPSC determines is appropriate, the rate structure approved by the Court in the Proceeding; or (f) attempts in any manner to interfere with, or delay, the approval by FERC of the transactions contemplated under the plan of reorganization

confirmed by the Court in the Proceeding.

The aforestated parties further acknowledge that this waiver shall be liberally construed by the Court to ensure that the intent of this waiver is fully enforced, and shall apply whether the parties act directly, or indirectly, before the respective federal or state agencies.

Finally, the parties hereto acknowledge that if the Court should determine one or both of the parties hereto has violated this waiver, the Court may impose a fine against either company of up to \$25,000.00 per day during the entire period during which the violation continues, and may impose such other sanctions as the Court deems appropriate.

The individuals signing this waiver are authorized to do so by their respective companies.

NAME: _____
TITLE: _____
COMPANY: _____ (Bidder)

NAME: _____
TITLE: _____
COMPANY: _____ (Guarantying Corporation)

Enhancement Portion of Leasehold Option
(To be tendered in open court on March 19, 1997)

_____ (Bidder) shall pay, according to the terms of the Bidding Process and Allocation of Enhanced Value document, in addition to and as an enhancement to its Leasehold Option bid previously submitted to the Court, the sum of \$ _____, which enhanced value is guaranteed by _____ (Guarantying Company). The individuals signing below represent and warrant they are authorized by the respective companies to make the aforestated enhanced bid.

NAME: _____
TITLE: _____
COMPANY: _____ (Bidder)

NAME: _____
TITLE: _____
COMPANY: _____ (Guarantying Corporation)

WAIVER FORM
(Smelters/Co-ops)

_____ hereby waives its right to file any pleading or other documents or writings before any federal or state administrative agency, including but not limited to the Kentucky Public Service Commission (KPSC) and the Federal Energy Regulatory Commission (FERC) which in any manner attempts to (a) interfere with the successful implementation of the plan of reorganization confirmed by the U.S. Bankruptcy Court for the Western District of Kentucky (the Court) in the Big Rivers Electric Corporation's Chapter 11 proceeding (the Proceeding); (b) criticizes, disparages, or in any manner questions the bidding process, or the allocation of enhanced value, established by the Court in the Proceeding; (c) criticizes, disparages, or in any manner questions the actions of Big Rivers Electric Corporation relating to its resolution process; (d) takes any action or files any pleading before the KPSC which delays or interferes with the approval of, or implementation of, the rate structure approved in the plan of reorganization confirmed by the Court in the Proceeding; (e) attempts in any manner to delay the actions of the KPSC in approving, in as expeditious a manner as the KPSC determines is appropriate, the rate structure approved by the Court in the Proceeding; or (f) attempts in any manner to interfere with, or delay, the approval by FERC of the transactions contemplated under the plan of reorganization confirmed by the Court in the Proceeding.

The aforestated parties further acknowledge that this waiver shall be liberally construed by the Court to ensure that the intent of this waiver is fully enforced, and shall apply whether the parties act directly, or indirectly, before the respective federal or state agencies.

Finally, the party hereto acknowledges that if the Court should determine it has violated this waiver, the Court may impose a fine against it of up to \$25,000.00 per day during the entire period during which the violation continues, and may impose such other sanctions as the Court deems appropriate.

The individual signing this waiver are authorized to do so by their respective companies.

NAME: _____
TITLE: _____
COMPANY: _____

**CUSTOMER CLASS ALLOCATION FACTORS
FOR RATE REDUCTIONS DUE TO BIDDER INCREASES IN VALUE**

	1995 MWH	MWH %	1995 Tot Rev (\$000)	Tot Rev %	Avg %
	Allocation		Allocation	Allocation	Allocation
Rural Customers	1,865,310	21.59%	\$74,540	28.00%	24.80%
Industrial Customers excl NSA, Alcan, and Commonwealth	787,496	10.34%	\$29,641	11.14%	10.74%
Commonwealth	253,104	3.28%	\$9,488	3.56%	3.42%
Smellers:					
NSA	3,032,739	39.32%	\$85,518	32.13%	35.73%
Alcan	1,963,403	25.46%	\$67,029	25.18%	25.32%
Total Smellers	4,996,142	64.78%	\$152,547	57.31%	61.04%
Total All Customer Classes	7,712,052	100.00%	\$266,196	100.00%	100.00%

Source of Data: Big Rivers December 1995 RUS Form 12

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF KENTUCKY

_____)	Chapter 11
In re:)	
BIG RIVERS ELECTRIC CORPORATION,)	Case No. 96-41168
)	
Debtor.)	
_____)	

FIRST AMENDED PLAN OF REORGANIZATION
PROPOSED BY DEBTOR BIG RIVERS ELECTRIC CORPORATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AS MODIFIED
AND RESTATED JUNE 9, 1997

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June 9, 1997

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF KENTUCKY

In re:)	Chapter 11
)	
BIG RIVERS ELECTRIC CORPORATION,)	Case No. 96-41168
)	
Debtor.)	
)	

FIRST AMENDED PLAN OF REORGANIZATION
PROPOSED BY DEBTOR BIG RIVERS ELECTRIC CORPORATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE
AS MODIFIED AND RESTATED JUNE 9, 1997

Big Rivers Electric Corporation, debtor and debtor-in-possession in the above-captioned case under Chapter 11 of the Bankruptcy Code, hereby proposes the following Chapter 11 plan of reorganization.

ARTICLE I

DEFINITIONS

Unless otherwise provided in this Plan, all capitalized terms used herein shall have the meanings ascribed to such terms in the Bankruptcy Code. For the purposes of this Plan, the following terms shall have the meanings set forth below.

1.1 "Administrative Claim" means any Claim arising on or after the Petition Date under Sections 503(b), 507(a)(1), 507(b), 365(d)(3) or 365(d)(10) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the estate of the Debtor and operating the business of the Debtor in the ordinary course after the Petition Date until the Effective Date, (b) any Fee Claims or Cure Payments, (c) any fees or charges assessed against the estate of the Debtor under 28 U.S.C. § 1930, and (d) any Claim based on a right to payment under a settlement agreement with the Debtor that has been previously approved by the Bankruptcy Court and that expressly provides for administrative expense priority with respect to such Claim.

1.2 "Administrative Fee Order" means that certain order of the Bankruptcy Court, dated October 22, 1996, entitled "Order Under Bankruptcy Code Sections 105(a) And 331 Establishing Procedures For Interim Compensation And Reimbursement Of Expenses For Designated Professionals".

1.3 "Alcan" means Alcan Aluminum Corporation.

1.4 "Allowed Administrative Claim" means any Administrative Claim as to which no objection to the allowance thereof shall have been interposed, or as to which any objection has been determined by Final Order to the extent such objection is determined in favor of the respective holder of such Claim; provided, however, that each holder of an Administrative Claim which (a) arises prior to the Effective Date, but (b) does not arise out of a settlement agreement with the Debtor previously approved by the Bankruptcy Court or arise out of or relate to goods or services (other than services provided by Professionals or other attorneys, accountants or financial advisors) provided to the Debtor subsequent to the Petition Date in the ordinary course of business, must file a request for payment on or before the date that is 30 days after the Confirmation Date or such other limitation fixed by the Bankruptcy Court in order to be considered an Allowed Administrative Claim. Allowed Administrative Claims shall not include interest on such Claims from and after the Petition Date unless the payment of interest is specifically provided for by written agreement between the holder of such Administrative Claim and the Debtor.

1.5 "Allowed Claim" means any Claim, the proof of which has been timely filed, or which has been or hereafter is listed by the Debtor on its Schedules as liquidated in amount and not disputed or contingent, in any case as to which no objection to the allowance thereof has been interposed on or before the time fixed for such objection, or as to which any objection has been determined by Final Order to the extent such objection is determined in favor of the respective holder.

1.6 "Allowed Class [] Claim" means any Allowed Claim in the particular Class described.

1.7 "Allowed Priority Claim" means any Priority Claim which is an Allowed Claim.

1.8 "Allowed Secured Claim" means any Secured Claim which is an Allowed Claim.

1.9 "Allowed Tax Claim" means any Tax Claim which is an Allowed Claim.

1.10 "Arbitrage Payments" means, with respect to any particular calendar year, one-half of all net revenues, if any, received in such calendar year from (i) the net benefit of purchasing power from third parties instead of purchasing such power from LG&E Energy during off-peak periods, (ii) the net benefit of selling equivalent amounts of power using purchases from LG&E Energy during peak periods, and (iii) the net revenues of any new off-system power sales in excess of net revenues currently projected for such sales.

1.11 "ARVP Note" means that certain secured note in the original aggregate principal amount of \$265,000,000 to be issued and delivered by the Reorganized Debtor to the RUS as of the Effective Date. Such note shall (a) not bear interest; (b) not require any payments prior to the maturity date which shall be twenty-four years and four months after the Effective Date except (i) Arbitrage Payments and (ii) as such sums become available, one-half of any Post-Effective Date Fraud Recoveries; (c) be governed by the terms and provisions of the New RUS Agreement; and (d) be secured by the New RUS Mortgage. All payments on the ARVP Note shall reduce the principal balance of the ARVP Note on a dollar for dollar basis.

1.12 "Assets" means, collectively and individually, all of the assets, property, interests and effects, real and personal, tangible and intangible, wherever situated, of the Debtor, the Reorganized Debtor, or of the estate of the Debtor (as applicable), including, without limitation, all claims and causes of action against any Person arising under the Bankruptcy Code or other applicable law, if any, including, without limitation, claims and causes of action under Sections 510, 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy Code.

1.13 "Balancing Account" means (a) the accounting mechanism that is part of the 1990 Settlement Agreement and the KPSC variable aluminum tariff applicable to the Smelters, the purpose of which is to produce a leveled power rate applicable to the Smelters of 29.1285 mills per kWh at a 99% load factor for the period January 1, 1990 through August 31, 1997, plus (b) the balance of the refund due Alcan resulting from the 50,000 kilowatt reduction in its contract demand obligations effective July 29, 1996.

1.14 "Ballot Date" means the date set by the Bankruptcy Court as the last date for timely submission by a Creditor of a ballot accepting or rejecting the Plan by a Creditor entitled to vote on the Plan, or any other date agreed to by the Debtor, on the one hand, and any Creditor submitting such ballot, on the other hand.

1.15 "Bankruptcy Code" means Title 11 of the United States Code, §§ 101. et seq., as in effect on the Petition Date, together with all amendments, modifications and replacements of the foregoing as the same may exist upon any relevant date to the extent applicable to the Reorganization Case.

1.16 "Bankruptcy Court" means the United States Bankruptcy Court for the Western District of Kentucky with jurisdiction over the Reorganization Case or, if such court ceases or declines to exercise jurisdiction over the Reorganization Case, the court or adjunct thereof that exercises jurisdiction over the Reorganization Case, including, without limitation, to the extent of any withdrawal of the reference made pursuant to 28 U.S.C. § 157, the United States District Court for the Western District of Kentucky.

1.17 "Bankruptcy Rules" means, collectively and individually, the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Western District of Kentucky, each as in effect on the Petition Date, together with all amendments, modifications and replacements of

the foregoing as the same may exist upon any relevant date to the extent applicable to the Reorganization Case.

1.18 "Banks" means, collectively and individually, BNY and Chase.

1.19 "Big Rivers" means Big Rivers Electric Corporation, debtor and debtor-in-possession in the Reorganization Case.

1.20 "BNY" means The Bank of New York.

1.21 "BNY Credit" means the amount set forth in Schedule 1.21 attached hereto.

1.22 "BNY Documents" means, collectively and individually, the BNY Letter of Credit, the BNY Reimbursement Agreement and any documents, instruments or agreements entered into in connection therewith, including, without limitation, mortgage and security agreements.

1.23 "BNY Effective Date Payment" means an amount equal to (a) \$5,875,862.07, plus (b) any unpaid, invoiced 1983 Bond Trustee Fees and 1983 Bond Remarketing Fees, minus the BNY Credit; provided, however, that for purposes of calculating the BNY Effective Date Payment, the 1983 Bond Trustee Fees shall be reduced by any and all fees, costs and expenses, including attorneys' fees, incurred by the 1983 Bond Trustee directly in connection with actions or matters required to close the transactions necessary to obtain the 1983 Bond Replacement LC.

1.24 "BNY Letter of Credit" means that certain Irrevocable Letter of Credit issued by BNY, successor to Irving Trust Company, in favor of the 1983 Bond Trustee to secure the obligations and indebtedness of the Debtor on account of the 1983 Bonds, as said Irrevocable Letter of Credit has been amended.

1.25 "BNY Reimbursement Agreement" means that certain Reimbursement Agreement, dated as of June 1, 1983, by and between the Debtor and BNY, successor to Irving Trust Company, as amended.

1.26 "BNY Reimbursement Claim" means any and all Claims of BNY against the Debtor whether arising out of the BNY Documents, the Debt Restructuring Agreement or otherwise.

1.27 "Board of Directors" means the Board of Directors of the Debtor.

1.28 "Business Day" means any day other than a Saturday, a Sunday or a day which in Louisville, Kentucky, Henderson, Kentucky or New York, New York, is a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close.

1.29 "Cash" means cash, cash equivalents and readily marketable securities or instruments, including, without limitation, readily marketable direct obligations of the United States

of America, certificates of deposit issued by banks, and commercial paper of any entity, plus, without duplication, any interest earned or accrued thereon, but not including any securities or instruments issued by the Debtor or the Reorganized Debtor.

1.30 "Chase" means The Chase Manhattan Bank, the successor to Manufacturers Hanover Trust Company and Chemical Bank, N.A.

1.31 "Chase Credit" means the amount set forth in Schedule 1.31 attached hereto.

1.32 "Chase Documents" means, collectively and individually, the Chase Letter of Credit, the Chase Reimbursement Agreement and any documents, instruments or agreements entered into in connection therewith, including, without limitation, mortgage and security agreements.

1.33 "Chase Effective Date Payment" means an amount equal to (a) \$8,324,137.93, plus (b) any unpaid, invoiced 1985 Bond Trustee Fees and the 1985 Bond Remarketing Fees, minus the Chase Credit; provided, however, that for purposes of calculating the Chase Effective Date Payment, the 1985 Bond Trustee Fees shall be reduced by any and all fees, costs and expenses, including attorneys' fees, incurred by the 1985 Bond Trustee directly in connection with actions or matters required to close the transactions necessary to obtain the 1985 Bond Replacement LC.

1.34 "Chase Letter of Credit" means that certain Irrevocable Letter of Credit issued by Chase, successor by merger to Manufacturers Hanover Trust Company, in favor of the 1985 Bond Trustee to secure the obligations and indebtedness of the Debtor on account of the 1985 Bonds, as said Irrevocable Letter of Credit has been amended.

1.35 "Chase Reimbursement Agreement" means that certain Reimbursement Agreement, dated as of October 1, 1985, by and between the Debtor and Chase, successor by merger to Manufacturers Hanover Trust Company, as amended by Amendment No. 1, dated as of September 15, 1987, and Amendment No. 2, dated as of May 1, 1991.

1.36 "Chase Reimbursement Claim" means any and all Claims of Chase against the Debtor whether arising out of the Chase Documents, the Debt Restructuring Agreement or otherwise.

1.37 "Claim" means (a) a claim against the Debtor within the meaning of Section 101(5) of the Bankruptcy Code; and/or (b) any right or entitlement concerning any overpayments and any right or entitlement of any Person against the Debtor concerning any refunds or adjustments of any nature, including, without limitation, any refunds or adjustments respecting fuel clauses, surcharges or rates under any applicable law, statute, regulation or document.

1.38 "Claims Register" has the meaning set forth in Section 5.8(f) hereof.

1.39 "Class" means any group of holders of Claims or interests as classified in Article III hereof.

1.40 "Closing" means the closing of the LG&E Energy Transaction as contemplated by the Transaction Agreements.

1.41 "Closing Payment" means a wire transfer of immediately available federal funds in U.S. Dollars in the aggregate amount as set forth in Schedule 1.41 attached hereto to be disbursed in accordance with Section 4.2.2(a) hereof.

1.42 "Coal Fraud Cases" has the meaning set forth in Section 5.4(b) hereof.

1.43 "Confirmation Date" means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket maintained by the Office of the Clerk.

1.44 "Confirmation Hearing" means the hearing, including all adjournments or continuances thereof, at which the Bankruptcy Court considers confirmation of the Plan.

1.45 "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan pursuant to Section 1129 of the Bankruptcy Code.

1.46 "Costain Coal" means Costain Coal, Inc.

1.47 "Creditor" means any Person that is the holder of a Claim against the Debtor.

1.48 "Creditors' Committee" means the Official Committee of Unsecured Creditors appointed in the Reorganization Case pursuant to Section 1102 of the Bankruptcy Code, as it may be reconstituted from time to time.

1.49 "Cure Payment" means any amount required to be paid in connection with the assumption of any Executory Contract in accordance with Section 365(b)(1)(A) and (B) of the Bankruptcy Code, or in any other amount as may be agreed to by the non-Debtor party to such Executory Contract and the Debtor or the Reorganized Debtor (as applicable), which amount shall be treated as an Allowed Administrative Claim under the Plan.

1.50 "Debtor" means Big Rivers, debtor and debtor-in-possession, which filed a petition for reorganization under Chapter 11 of the Bankruptcy Code with the Bankruptcy Court on the Petition Date.

1.51 "Debt Restructuring Agreement" means that certain Debt Restructuring Agreement, dated as of August 31, 1987, by and among the Debtor, the RUS, Chase and BNY.

1.52 "Disclosure Statement" means that certain disclosure statement relating to the Plan, including, without limitation, all exhibits and schedules thereto, as it may be amended or supplemented and approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code.

1.53 "Disclosure Statement Order" means the order of the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code approving the Disclosure Statement as containing "adequate information" as such term is defined in Section 1125 of the Bankruptcy Code.

1.54 "Disputed Claim" means (a) any Claim as to which a proof of claim was timely and properly filed and as to which an objection has been interposed or a request for estimation has been filed in accordance with the Bankruptcy Code, the Bankruptcy Rules and the Plan, which objection or request for estimation has not been withdrawn or determined by Final Order and (b) any Claim as to which a proof of claim was required to be filed by an order of the Bankruptcy Court but as to which a proof of claim was not timely or properly filed.

1.55 "Effective Date" means a date that is a Business Day (a) on which no stay of the Confirmation Order is in effect; (b) on which all of the conditions set forth in Section 7.2 hereof have been satisfied or, to the extent permitted by Sections 7.2 and 7.3 hereof, waived; and (c) on which all the conditions precedent to the Closing of the LG&E Energy Transaction as contemplated in the Transaction Agreements to be closed on the Effective Date have been satisfied or waived in accordance therewith.

1.56 [Intentionally Omitted.]

1.57 "Executory Contract" means any executory contract or unexpired lease of real or personal property, as contemplated by Sections 365, 1113 and 1114 of the Bankruptcy Code, in effect on the Petition Date, between the Debtor and any other Person, including, without limitation, any all-requirements power contract, written employment agreement, severance contract or plan and employee benefit or retirement or supplementary retirement benefit plan or agreement.

1.58 "Fee Application" means any application of any Professional or any other Person or Creditor under Sections 330, 331 or 503(b) of the Bankruptcy Code for allowance of compensation and/or reimbursement of expenses in the Reorganization Case.

1.59 "Fee Claim" means any Claim of any Professional or any other Person or Creditor under Sections 330, 331 or 503(b) of the Bankruptcy Code for allowance of compensation and/or reimbursement of expenses in the Reorganization Case.

1.60 "FERC" means the Federal Energy Regulatory Commission.

1.61 "FFB Guarantee" means the guarantee of the RUS to the Federal Financing Bank of all amounts owed by the Debtor to the Federal Financing Bank.

1.62 "Final Order" means an order, judgment or decree of the Bankruptcy Court or by the KPSC as entered on the legal docket maintained by the Clerk of the Bankruptcy Court, or the docket or equivalent record maintained by the KPSC, as applicable, (a) as to which the time to appeal, petition for *certiorari*, or move for reargument or rehearing has expired and as to which no

appeal, petition for *certiorari*, or other proceedings for reargument or rehearing shall then be pending, (b) as to which any right to appeal, petition for *certiorari*, reargument, or rehearing shall have been waived in writing in form and substance reasonably satisfactory to the Debtor or the Reorganized Debtor (as applicable), or (c) in the event that any appeal, writ of *certiorari*, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court or the KPSC, as applicable, shall have been upheld or *certiorari*, reargument or rehearing shall have been denied and in either case the time to take any further appeal, petition for *certiorari* or move for reargument shall have expired.

1.63 "General Unsecured Claim" means any Unsecured Claim against the Debtor that is not an Administrative Claim, Tax Claim, Priority Claim, RUS Unsecured Claim, Chase Reimbursement Claim, Class 5 Claim, BNY Reimbursement Claim, Class 7 Claim, Member Claim, Patronage Claim or any Claim held by any of the Smelters, KIUC, Commonwealth Aluminum Company, Southwire or the Attorney General for the Commonwealth of Kentucky.

1.64 "Green River Coal" means Green River Coal Co., Inc.

1.65 "Green River Coal Claim" means any Claim of Green River Coal, or any affiliate or insider thereof, against the Debtor, (a) as agreed between Green River Coal (or any affiliate or insider thereof, as applicable), and the Debtor, or (b) as determined or estimated by the Bankruptcy Court in accordance with Section 502(b) or 502(c) of the Bankruptcy Code.

1.66 "Green River Electric" means Green River Electric Corporation.

1.67 "Henderson Union" means Henderson Union Electric Cooperative Corporation.

1.68 "Interim Cash Collateral Order" means that certain Order entered by the Bankruptcy Court, dated January 23, 1997, entitled "Order Authorizing Interim Use Of Cash Collateral Pending Disposition Of Motion For Approval Of Consent Order Concerning Use Of Cash Collateral And Adequate Protection", as it has been and may be subsequently amended, modified or extended.

1.69 "Jackson Purchase" means Jackson Purchase Electric Cooperative Corporation.

1.70 "KIUC" means Kentucky Industrial Utility Customers, Inc.

1.71 "KPSC" means the Kentucky Public Service Commission.

1.72 "kWh" means kilowatt hour.

1.73 "LBC Guarantee" means the guarantee of the RUS to Louisville Bank for Cooperatives and/or CoBank, ACB of all amounts owed by the Debtor to Louisville Bank for Cooperatives and/or CoBank, ACB.

1.74 "LG&E Energy" means, collectively, LG&E Energy Corp. and any affiliate thereof that is a party to any Transaction Agreement or other agreement, document or transaction comprising the LG&E Energy Transaction.

1.75 "LG&E Energy Transaction" means, collectively, all of the transactions contemplated by the Transaction Agreements.

1.76 "Lien" means, with respect to Assets of the Debtor or the Reorganized Debtor, any mortgage, lien, pledge, charge, security interest, encumbrance or other legally cognizable security device of any kind affecting such Assets.

1.77 "Meade County" means Meade County Rural Electric Cooperative Corporation.

1.78 "Member Claims" means any Claim of any Member against the Debtor, including, without limitation, any Claim related to any contractual liabilities, capital contributions, overpayments, causes of action, rights or entitlements to refunds, or adjustments respecting rates under any applicable law, statute, regulation or document; provided, however, that Member Claims exclude Patronage Claims and interests of Members.

1.79 "Members" means, collectively and individually, Green River Electric, Henderson Union, Meade County and Jackson Purchase.

1.80 "mill" means \$0.001.

1.81 "New RUS Agreement" means that certain agreement by and between the Reorganized Debtor and the RUS, to be executed and delivered as of the Effective Date, which shall: (a) contain terms and conditions regarding the obligations and indebtedness of the Reorganized Debtor on account of the New RUS Note, the ARVP Note and the New RUS Mortgage; (b) contain such representations and warranties as are customary in a facility comprising agreements such as the New RUS Note, the ARVP Note and the New RUS Mortgage, and as to which the Debtor or the Reorganized Debtor and the RUS otherwise agree; (c) establish covenants, both affirmative and negative, as are customary in a facility comprising agreements such as the New RUS Note, the ARVP Note and the New RUS Mortgage, and as to which the Debtor or the Reorganized Debtor and the RUS otherwise agree; (d) require the Reorganized Debtor to implement appropriate bookkeeping mechanisms for the purpose of determining the amount of Arbitrage Payments each calendar year; (e) set forth appropriate default and cure provisions, as to which the Debtor or Reorganized Debtor and the RUS otherwise agree; and (f) provide for remedies of enforcement by the RUS in the event of a default by the Reorganized Debtor, including appropriate notice provisions. In connection with appropriate default provisions, the New RUS Agreement shall provide, among other things, that, (i) at the election of the RUS, the New RUS Note and the ARVP Note shall include cross-default provisions, (ii) in the event the New RUS Note is accelerated, the amount payable under the New RUS Note shall be the outstanding principal and accrued interest thereunder, (iii) in the event the ARVP Note is accelerated, the amount payable under the ARVP Note shall be the outstanding

amount under the ARVP Note multiplied by the applicable percentage indicated in Schedule 1.81, annexed hereto (as same may be modified to reflect appropriate changes in the event the Effective Date does not occur on September 1, 1997), (iv) any future rate changes reducing Arbitrage Payments shall constitute a default under the New RUS Agreement, and (v) notwithstanding the foregoing, in the event both the New RUS Note and the ARVP Note are accelerated, the aggregate principal amount then payable to the RUS shall not exceed the beginning principal amount of the New RUS Note.

1.82 "New RUS Loan Documents" means, collectively and individually, the New RUS Agreement, the New RUS Note, the New RUS Mortgage and the ARVP Note.

1.83 "New RUS Mortgage" means, collectively, that certain mortgage and such other related security instruments to be executed and delivered by the Reorganized Debtor in favor of the RUS as of the Effective Date, pursuant to which the Reorganized Debtor shall convey and grant to the RUS a Lien and mortgage on all of the Assets and properties of the Reorganized Debtor to secure the obligations of the Reorganized Debtor to the RUS under the New RUS Note, the ARVP Note and the New RUS Agreement.

1.84 "New RUS Note" means that certain secured note in an original aggregate principal amount equal to the difference between (a) \$1,101,165,000 and (b) the Closing Payment, to be issued and delivered by the Reorganized Debtor to the RUS as of the Effective Date. Such note shall (i) have a term ending twenty-four years and four months after the Effective Date (unless sooner accelerated pursuant to the New RUS Agreement); (ii) bear interest at the rate set forth in Schedule 1.84; (iii) require quarterly interest and/or principal payments in January, April, July and October of each year (on a day within each month as agreed to by the Debtor or the Reorganized Debtor (as applicable) and the RUS and if such date is not a Business Day, on the first Business Day thereafter) such that the outstanding balance, including principal and accrued interest, if any, shall be equal to or less than the "Allowed Balance" amount shown on Schedule 1.84 annexed hereto for the applicable quarter; provided, however, that if the Effective Date of the Plan is not September 1, 1997 then Schedule 1.84 shall be revised to reflect (a) the actual Effective Date, (b) corresponding changes to each entry in the "Year" and "Month" column based upon the actual Effective Date, and (c) any other changes agreed upon between Big Rivers and the RUS so long as the present value of the payments to be received by the RUS after the Effective Date, calculated by using a discount rate of 6.91%, does not differ materially from the present value, calculated by using the discount rate of 6.91%, of the payments that the RUS would receive in connection with Schedule 1.84 in its present form; (iv) permit prepayments of principal at the discretion of the Reorganized Debtor; (v) be governed by the terms and conditions of the New RUS Agreement; and (vi) be secured by the New RUS Mortgage. In assessing Schedule 1.84, it is necessary to cross-reference Section D of the Feasibility Analysis attached as Exhibit C to the Disclosure Statement.

1.85 "1983 Bonds" means the \$58,800,000 original aggregate principal amount of bonds issued by the County of Ohio, Kentucky pursuant to the 1983 Bond Indenture.

1.86 "1983 Bond Documents" means, collectively and individually, the 1983 Bonds, the 1983 Bond Indenture and the 1983 Financing Agreement.

1.87 "1983 Bond Indenture" means that certain Trust Indenture, dated as of June 1, 1983, by and between the 1983 Bond Trustee and the County of Ohio, Kentucky, governing the 1983 Bonds, as amended, modified or supplemented.

1.88 "1983 Bond Remarketing Fees" means an amount equal to any and all costs, fees and expenses appropriately incurred or charged by the 1983 Remarketing Agent which first became due and payable during the period beginning on the Petition Date and ending on the Effective Date; provided, however, that such amount shall not be payable unless an invoice for such costs, fees and expenses, with supporting detail, shall have been provided to BNY and the Debtor at least five days before the Effective Date; and provided further, however, that neither BNY nor the Debtor shall have notified the 1983 Remarketing Agent that such Person objects to such costs, fees, and expenses in the event of which objection, in the absence of an agreement by and between the 1983 Remarketing Agent and the objecting Person, such costs, fees and expenses shall not be paid as Allowed Class 7C Claims unless the Bankruptcy Court shall have determined whether and the extent to which the 1983 Remarketing Fees were actual, necessary, reasonable and benefited the estate of the Debtor within the meaning of Sections 330 and 503(b) of the Bankruptcy Code.

1.89 "1983 Bond Replacement LC" has the meaning set forth in Section 5.5 hereof.

1.90 "1983 Bond Trustee" means the Trustee for the 1983 Bonds.

1.91 "1983 Bond Trustee Fees" means an amount equal to any and all costs, fees and expenses appropriately incurred or charged by the 1983 Bond Trustee, including reasonable attorneys' fees, which first became due and payable during the period beginning on the Petition Date and ending on the Effective Date; provided, however, that such amount shall not be payable unless an invoice for such costs, fees and expenses, with supporting detail, shall have been provided to BNY and the Debtor at least five days before the Effective Date; and provided further, however, that neither BNY nor the Debtor shall have notified the 1983 Bond Trustee that such Person objects to such costs, fees, and expenses in the event of which objection, in the absence of an agreement by and between the 1983 Bond Trustee and the objecting Person, such costs, fees and expenses shall not be paid as Allowed Class 7C Claims unless the Bankruptcy Court shall have determined whether and the extent to which the 1983 Bond Trustee Fees were actual, necessary, reasonable and benefited the estate of the Debtor within the meaning of Sections 330 and 503(b) of the Bankruptcy Code.

1.92 "1983 Financing Agreement" means that certain Financing and Loan Agreement, dated as of June 1, 1983, by and between the County of Ohio, Kentucky, and the Debtor, pursuant to which the proceeds of the 1983 Bonds were loaned to the Debtor.

1.93 "1983 Remarketing Agent" means Alex. Brown & Sons, Inc., in its capacity as remarketing agent under that certain Remarketing Agreement, effective as of April 8, 1996, by and between the Debtor and Alex. Brown & Sons, Inc.

1.94 "1985 Bonds" means the \$83,300,000 original aggregate principal amount of bonds issued by the County of Ohio, Kentucky pursuant to the 1985 Bond Indenture.

1.95 "1985 Bond Documents" means, collectively and individually, the 1985 Bonds, the 1985 Bond Indenture and the 1985 Financing Agreement.

1.96 "1985 Bond Indenture" means that certain Trust Indenture, dated as of October 1, 1985, by and between the 1985 Bond Trustee and the County of Ohio, Kentucky, governing the 1985 Bonds, as amended, modified or supplemented.

1.97 "1985 Bond Remarketing Fees" means an amount equal to any and all costs, fees and expenses appropriately incurred or charged by the 1985 Remarketing Agent which first became due and payable during the period beginning on the Petition Date and ending on the Effective Date; provided, however, that such amount shall not be payable unless an invoice for such costs, fees and expenses, with supporting detail, shall have been provided to Chase and the Debtor at least five days before the Effective Date; and provided further, however, that neither Chase nor the Debtor shall have notified the 1985 Remarketing Agent that such Person objects to such costs, fees, and expenses in the event of which objection, in the absence of an agreement by and between the 1985 Remarketing Agent and the objecting Person, such costs, fees and expenses shall not be paid as Allowed Class 5C Claims unless the Bankruptcy Court shall have determined whether and the extent to which the 1985 Bond Remarketing Fees were actual, necessary, reasonable and benefited the estate of the Debtor within the meaning of Sections 303 and 503(b) of the Bankruptcy Code.

1.98 "1985 Bond Replacement LC" has the meaning set forth in Section 5.5 hereof.

1.99 "1985 Bond Trustee" means the Trustee for the 1985 Bonds.

1.100 "1985 Bond Trustee Fees" means an amount equal to any and all costs, fees and expenses appropriately incurred or charged by the 1985 Bond Trustee, including reasonable attorneys' fees, which first became due and payable during the period beginning on the Petition Date and ending on the Effective Date; provided, however, that such amount shall not be payable unless an invoice for such costs, fees and expenses, with supporting detail, shall have been provided to Chase and the Debtor at least five days before the Effective Date; and provided further, however, that neither Chase nor the Debtor shall have notified the 1985 Bond Trustee that such Person objects to such costs, fees, expenses in the event of which objection, in the absence of an agreement by and between the 1985 Bond Trustee and the objecting Person, such costs, fees and expenses shall not be paid as Allowed Class 5C Claims unless the Bankruptcy Court shall have determined whether and the extent to which the 1985 Bond Trustee Fees were actual, necessary, reasonable and benefited the estate of the Debtor within the meaning of Sections 303 and 503(b) of the Bankruptcy Code.

1.101 "1985 Financing Agreement" means that certain Financing and Loan Agreement, dated as of October 1, 1985, by and between the County of Ohio, Kentucky, and the Debtor, pursuant to which the proceeds of the 1985 Bonds were loaned to the Debtor.

1.102 "1985 Remarketing Agent" means BNY, in its capacity as remarketing agent under that certain Remarketing Agreement, effective as of April 8, 1996, by and between the Debtor and BNY.

1.103 "1990 Settlement Agreement" means that certain Agreement executed and delivered in February, 1990, and made effective as of January 1, 1990, by and among the Debtor, NSA, Alcan, Green River Electric, Henderson Union, and Southwire Company.

1.104 "Non-Disturbance Agreement" has the meaning ascribed thereto in the Participation Agreement.

1.105 "NSA" means NSA, Inc., a subsidiary of Southwire Company.

1.106 "PacifiCorp Entities" means, collectively and individually, PacifiCorp Holdings, Inc., PacifiCorp Kentucky Energy Company, PacifiCorp Power Marketing, Inc. and any parent corporations, subsidiary corporations, insiders, affiliates or related Persons and any officers, directors, agents and attorneys of the foregoing.

1.107 "Participation Agreement" means that certain Participation Agreement by and between the Debtor and LG&E Energy, a draft of which is included in the Plan Supplement.

1.108 "Patronage Claim" means any Claim of any Member, or any other Person that has purchased or is purchasing electricity from the Debtor, on account of any annual share of credits allocable to any such Person on account of amounts received or receivable by the Debtor in exchange for the furnishing of electric energy in excess of the sum of: (a) operating costs and expenses properly chargeable against the furnishing of electric energy, and (b) amounts required to off-set any losses incurred during the current or any prior fiscal year, as determined in accordance with the by-laws of the Debtor; provided, however, that Patronage Claim exclude Member Claims and interests of Members.

1.109 "Person" means any individual, corporation, partnership (general or limited), limited liability company, business trust, unincorporated organization or association, joint stock company, trust, governmental body (or any agency, instrumentality or political subdivision thereof), or any other entity.

1.110 "Petition Date" means September 25, 1996.

1.111 "Pik-Coal Claim" means any Claim of Pik-Coal Co., Inc. or any affiliate or insider thereof, against the Debtor, (a) as agreed between Pik-Coal Co., Inc. (or any affiliate or insider

thereof, as applicable) and the Debtor, or (b) as determined or estimated by the Bankruptcy Court in accordance with Section 502(b) or 502(c) of the Bankruptcy Code.

1.112 "PKEC Omnibus Agreement" means that certain Omnibus Agreement entered into between Big Rivers and PacifiCorp Kentucky Energy Company dated August 29, 1996.

1.113 "PKEC Transaction Documents" means, collectively and individually, the PKEC Omnibus Agreement and all other documents or agreements contemplated by or related to the PKEC Omnibus Agreement and the transactions contemplated thereby.

1.114 "Plan" means this chapter 11 plan of reorganization (including all exhibits, attachments, schedules, and supplements annexed hereto or referenced herein, including the form of the Transaction Agreements), either in its present form or as it may be altered, amended, modified or supplemented from time to time.

1.115 "Plan Supplement" has the meaning set forth in Section 5.7 hereof.

1.116 "Post-Effective Date Fraud Recoveries" means any net amounts actually recovered and received by the Debtor or the Reorganized Debtor (a) in connection with the Coal Fraud Cases, and (b) under any order directing any criminal defendant to pay restitution to the Debtor or the Reorganized Debtor. In calculating the Post-Effective Date Fraud Recoveries, an amount equal to all costs, fees and expenses (including reasonable attorneys' fees) incurred by the Reorganized Debtor and the Smelters after the Effective Date in connection with the Coal Fraud Cases and such restitution amounts shall be subtracted from any amounts recovered and received. Such subtracted amounts shall be used to reimburse the Debtor or the Reorganized Debtor and the Smelters for such costs, fees and expenses (including reasonable attorneys' fees). The Post-Effective Date Fraud Recoveries are to be shared on a 50/50 basis between the Members, for the benefit of the ratepayers, and the RUS, as provided in Section 1.11 above and in Schedule 5.4(a) attached hereto.

1.117 "Power Contract" means the Power Purchase Agreement as defined in the Participation Agreement.

1.118 "Priority Claim" means any Claim that is entitled to priority in payment pursuant to Section 507(a)(2), (3), (4), (5) or (6) of the Bankruptcy Code.

1.119 "Professional" means (a) any professional employed in the Reorganization Case and approved by the Bankruptcy Court pursuant to Section 327 of the Bankruptcy Code, (b) J. Baxter Schilling, the examiner appointed by the Bankruptcy Court in the Reorganization Case, and (c) any professional employed by such examiner in the Reorganization Case and approved by the Bankruptcy Court.

1.120 "Proposed Rates" has the meaning set forth in Section 5.3 hereof.

- 1.121 "Rate Case" has the meaning set forth in Section 5.3 hereof.
- 1.122 "Record Date" shall have the meaning set forth in Section 5.9 hereof.
- 1.123 "Reorganization Case" means the case commenced on the Petition Date by the Debtor under Chapter 11 of the Bankruptcy Code bearing number 96-41168 pending in the Bankruptcy Court.
- 1.124 "Reorganized Debtor" means the Debtor and its estate as reorganized under and pursuant to the Plan, from and after the Effective Date.
- 1.125 "Replacement LC Issuer" means any issuer of a Replacement Letter of Credit.
- 1.126 "Replacement Letters of Credit" means, collectively and individually, the 1983 Bond Replacement LC and the 1985 Bond Replacement LC.
- 1.127 "RUS" means the United States Department of Agriculture, Rural Utilities Service, formerly known as the Rural Electrification Administration.
- 1.128 "RUS Related Debt" shall mean any and all obligations or indebtedness whatsoever owed by the Debtor or the Reorganized Debtor to any Person other than the RUS if such obligations or indebtedness were or are guaranteed by the RUS. RUS Related Debt includes all debt owed by the Debtor or Reorganized Debtor to (a) the Federal Financing Bank, (b) Louisville Bank for Cooperatives, and (c) CoBank, ACB.
- 1.129 "RUS Secured Claim" means the Secured Claim of the RUS against the Debtor.
- 1.130 "RUS Unsecured Claim" means the Unsecured Claim of the RUS against the Debtor.
- 1.131 "Schedules" means the schedules of assets and liabilities filed by the Debtor with the Bankruptcy Court under Section 521(1) of the Bankruptcy Code, as they may have been or may be amended or supplemented.
- 1.132 "Schedule 5.4(a) Documents" means each and every agreement or document described in Schedule 5.4(a) attached hereto including without limitation the rates in Attachment A to Schedule 5.4(a).
- 1.133 "Secured Claim" means the secured portion of any Claim which is secured, in whole or in part, as of the Petition Date, by a valid and perfected Lien, whether arising by contract, operation of law or otherwise, as calculated in accordance with Section 506(a) of the Bankruptcy Code.

1.134 "Selected Contracts" means, collectively and individually, any and all Executory Contracts of the Debtor to be assumed and assigned to LG&E Energy pursuant to the LG&E Energy Transaction as of the Effective Date. The Selected Contracts shall be listed or described on the schedules and exhibits to the Transaction Agreements.

1.135 "Smelters" means, collectively and individually, NSA and Alcan.

1.136 "Southwire" means Southwire Company.

1.137 "Tax Claim" means any Claim that is entitled to priority in payment under Section 507(a)(8) of the Bankruptcy Code.

1.138 "Thorpe Claim" means any Claim of William Thorpe, or any affiliate or insider thereof, against the Debtor, (a) as agreed between William Thorpe (or any affiliate or insider thereof, as applicable) and the Debtor, or (b) as estimated by the Bankruptcy Court in accordance with Section 502(b) or 502(c) of the Bankruptcy Code.

1.139 "Total Excess Cash Collateral Amount" means the aggregate of any and all cash collateral paid to the RUS, or segregated, pursuant to and in accordance with the Interim Cash Collateral Order or as otherwise ordered by the Bankruptcy Court prior to the Effective Date.

1.140 "Transaction Agreements" means collectively, and individually, the Participation Agreement and all of the agreements and other documents necessary and intended by the parties thereto to effectuate the LG&E Energy Transaction, as described in and contemplated by the Participation Agreement. Drafts of the Transaction Agreements are included in the Plan Supplement and may be amended by agreement by and between LG&E Energy and the Debtor at any time prior to the Effective Date. The Transaction Agreements do not include the Schedule 5.4(a) Documents.

1.141 "Transmission Agreement" means the Transmission Service and Interconnection Agreement as defined in the Participation Agreement.

1.142 "Unsecured Claim" means any Claim against the Debtor that is not a Secured Claim.

ARTICLE II

TREATMENT OF ADMINISTRATIVE CLAIMS AND TAX CLAIMS

2.1 Satisfaction of Claims. The treatment of, and any consideration to be received by, each holder of an Allowed Administrative Claim and Allowed Tax Claim pursuant to this Article

It shall be in full satisfaction, settlement release and discharge of the respective Claim of each such holder.

2.2 Administrative Claims. Except to the extent that the holder of an Allowed Administrative Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), or as otherwise ordered by the Bankruptcy Court, each holder of an Allowed Administrative Claim shall be paid Cash by the Reorganized Debtor in an amount equal to the amount of such Allowed Administrative Claim, including, solely to the extent the payment of interest on the principal amount of such Allowed Administrative Claim is specifically provided for by written agreement by and between the holder of such Allowed Administrative Claim and the Debtor, interest on the principal amount of such Allowed Administrative Claim accrued or earned during the period from the Petition Date to the date payment is made on account of such Allowed Administrative Claim, at the legal rate for the Commonwealth of Kentucky or at such other rate as provided for by agreement by and between the Debtor or the Reorganized Debtor (as applicable) and the holder of such Allowed Administrative Claim, (a) on the later of the Effective Date or the date upon which such Administrative Claim becomes an Allowed Administrative Claim or as soon thereafter as is practicable, or (b) if incurred in the ordinary course of business, in accordance with the terms and conditions of the particular transaction and any agreements relating thereto or as soon thereafter as is practicable; provided, however, that to the extent such Allowed Administrative Claim becomes due or allowed after the Effective Date, such Claim shall be paid by the Reorganized Debtor when such Claim becomes due or allowed.

2.3 Tax Claims.

(a) Except to the extent that the holder of an Allowed Tax Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), or as otherwise ordered by the Bankruptcy Court, each holder of an Allowed Tax Claim shall be paid Cash by the Reorganized Debtor in an amount equal to the amount of such Allowed Tax Claim, (i) on the later of the Effective Date or the date upon which such Tax Claim becomes an Allowed Tax Claim or as soon thereafter as is practicable, or (ii) if incurred in the ordinary course of business, in accordance with the terms and conditions of the particular transaction and any agreements relating thereto or as soon thereafter as is practicable; provided, however, that to the extent such Allowed Tax Claim becomes due or Allowed after the Effective Date, such Claim shall be paid by the Reorganized Debtor when such Claim becomes due or Allowed.

(b) Notwithstanding Section 2.3(a) hereof, the Reorganized Debtor shall have the right to pay any Allowed Tax Claim, or any remaining unpaid balance of such Claim, in full or in such other lesser amount as agreed to by the holder of such Allowed Tax Claim with the Reorganized Debtor, without premium or penalty. Further, no holder of an Allowed Tax Claim will be entitled to any payments on account of any post-Petition Date, pre-Effective Date interest accrued on an Allowed Tax Claim or on account of any penalty arising with respect to, or in connection with, an Allowed Tax Claim, and, as of the Effective Date, any and all Liens securing such Allowed Tax Claims shall thereupon be released and extinguished, and any and all Assets or property of the

Debtor or the Reorganized Debtor that secures such Allowed Tax Claims shall thereupon be free and clear of any Liens, Claims, and encumbrances of the holder of such Allowed Tax Claims. Any such Claim or demand for any such accrued interest or penalty, and all Liens created in respect of such Allowed Tax Claims, shall be discharged by virtue of confirmation of the Plan and Section 1141(d)(1) of the Bankruptcy Code, and the holder of an Allowed Tax Claim shall not assess or attempt to collect such accrued interest or penalty from the Debtor or the Reorganized Debtor or its Assets or properties or assert any Lien rights against the Debtor or the Reorganized Debtor or its Assets or properties.

2.4 **Impairment and Voting.** Administrative Claims and Tax Claims are unimpaired under the Plan, and holders of Administrative Claims and Tax Claims are conclusively presumed to have accepted the Plan in respect of such Claims, and accordingly are not entitled to vote to accept or reject the Plan.

ARTICLE III

CLASSIFICATION OF CLAIMS AND INTERESTS

3.1 **General.**

(a) To the extent that a holder of a Claim asserts or holds more than one Claim and such Claims are classified in different Classes, each such Claim shall be deemed for purposes of the Plan to be a distinct Claim entitled to participate in the appropriate Class. If any holder of a Claim asserts or holds more than one Claim in any one Class, all of such Claims shall be aggregated and treated as one Claim in such Class and the aggregate Claim of such holder shall be accorded the treatment appropriate for a Claim of such type and amount.

(b) A Claim is classified in a particular Class only to the extent that the Claim qualifies within the description of that Class. A Claim is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and has not otherwise been paid, released or satisfied.

3.2 **Classification of Claims and Interests.** Claims and interests are classified for all purposes, including voting (if applicable), confirmation and distribution pursuant to the Plan, as follows:

1. **Class 1 -- Priority Claims.**

Class 1 consists of any and all Priority Claims.

2. **Class 2 -- RUS Secured Claim.**

Class 2 consists of the RUS Secured Claim.

3. Class 3 -- RUS Unsecured Claim.

Class 3 consists of the RUS Unsecured Claim.

4. Class 4 -- Chase Reimbursement Claim.

Class 4 consists of the Chase Reimbursement Claim.

5. Class 5 -- 1985 Bonds and Related Claims.

a. Class 5A - 1985 Bonds.

Class 5A consists of any and all Claims of the holders of the 1985 Bonds for principal, interest and premium, if any, thereon.

b. Class 5B - 1985 Financing Agreement.

Class 5B consists of any and all Claims of the County of Ohio, Kentucky, under the 1985 Financing Agreement and the promissory note issued by the Debtor thereunder.

c. Class 5C - 1985 Bond Trustee and Remarketing Agent Claims.

Class 5C consists of any and all Claims of the 1985 Bond Trustee and the 1985 Remarketing Agent for the 1985 Bond Trustee Fees and the 1985 Bond Remarketing Fees, respectively.

6. Class 6 -- BNY Reimbursement Claim.

Class 6 consists of the BNY Reimbursement Claim.

7. Class 7 -- 1983 Bonds and Related Claims.

a. Class 7A - 1983 Bonds.

Class 7A consists of any and all Claims of the holders of 1983 Bonds for principal, interest and premium, if any, thereon.

b. Class 7B - 1983 Financing Agreement.

Class 7B consists of any and all Claims of the County of Ohio, Kentucky, under the 1983 Financing Agreement and the promissory note issued by the Debtor thereunder.

c. **Class 7C - 1983 Bond Trustee and Remarketing Agent Claims.**

Class 7C consists of any and all Claims of the 1983 Bond Trustee and the 1983 Remarketing Agent for the 1985 Bond Trustee Fees and the 1983 Bond Remarketing Fees, respectively.

8. **Class 8 -- General Unsecured Claims.**

Class 8 consists of any and all General Unsecured Claims.

9. **Class 9 -- Member Claims.**

Class 9 consists of any and all Member Claims.

10. **Class 10 -- Patronage Claims.**

Class 10 consists of any and all Patronage Claims.

11. **Class 11 -- Interests of Members.**

Class 11 consists of any and all interests of the Members in Debtor.

3.3 **Impairment and Voting.**

(a) **Unimpaired Classes.** Class 1 Claims (Priority Claims), Class 5A Claims (1985 Bond Claims), Class 5B Claims (1985 Financing Agreement Claims), Class 5C Claims (1985 Bond Trustee and 1985 Remarketing Agent Claims), Class 7A Claims (1983 Bond Claims), Class 7B Claims (1983 Financing Agreement Claims), Class 7C Claims (1983 Bond Trustee and 1983 Remarketing Agent Claims), Class 8 Claims (General Unsecured Claims), and Class 11 interests (interests of Members) are unimpaired under the Plan. Accordingly, each holder of a Claim or interest in such Classes is conclusively presumed to have accepted the Plan in respect of such Claims or interests, and such Classes are not entitled to vote to accept or reject the Plan.

(b) **Impaired Classes.** The Class 2 Claim (the RUS Secured Claim), the Class 3 Claim (the RUS Unsecured Claim), the Class 4 Claim (the Chase Reimbursement Claim), the Class 6 Claim (the BNY Reimbursement Claim), Class 9 Claims (Member Claims), and Class 10 Claims (Patronage Claims) are impaired under the Plan, and each holder of a Claim in such Classes is entitled to vote to accept or reject the Plan.

ARTICLE IV

TREATMENT OF CLASSES UNDER THE PLAN

4.1 **Satisfaction of Claims.** The treatment of, and any consideration to be received by, each holder of Allowed Claims or interests pursuant to this Article IV shall be in full satisfaction, settlement, release and discharge of the respective Claims or interests of each such holder, except as otherwise provided in the Plan or Confirmation Order.

4.2 **Treatment of Claims.**

4.2.1 **Class 1 -- Priority Claims.**

Except to the extent that the holder of an Allowed Priority Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), or as otherwise ordered by the Bankruptcy Court, on the Effective Date, each holder of an Allowed Priority Claim shall be paid Cash by the Reorganized Debtor in the amount of the Allowed Priority Claim of such holder, including, solely to the extent the payment of interest on the principal amount of such Allowed Priority Claim is specifically provided for by written agreement by and between the holder of such Allowed Priority Claim and the Debtor, interest on the principal amount of such Allowed Priority Claim accrued or earned during the period from the Petition Date to the date payment is made on account of such Allowed Priority Claim, at the legal rate for the Commonwealth of Kentucky or at such other such rate as provided for by agreement by and between the Debtor or the Reorganized Debtor (as applicable) and the holder of such Allowed Priority Claim.

4.2.2 **Class 2 -- The RUS Secured Claim.**

(a) Unless the RUS as the holder of the Allowed Class 2 Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable) on or prior to the Effective Date, the RUS (i) shall be entitled to retain any and all cash collateral payments received by the RUS on or prior to the Effective Date pursuant to and in accordance with the Interim Cash Collateral Order or any other order entered by the Bankruptcy Court, and (ii) shall receive (a) the Closing Payment, (b) the balance of the Total Excess Cash Collateral Amount, (c) the New RUS Note, (d) the ARVP Note, and (e) the New RUS Mortgage. In addition, on or prior to the Effective Date, the Debtor or the Reorganized Debtor and the RUS shall execute and deliver the New RUS Agreement.

(b) Further, the Debtor or the Reorganized Debtor shall reasonably cooperate with the RUS with respect to the refinancing by the RUS of any RUS Related Debt, as may be determined from time to time at the discretion of the RUS. Without limiting the foregoing, on the Effective Date, the Reorganized Debtor shall be deemed to have irrevocably assigned to the RUS all of the right, title and interest of the Debtor or the Reorganized Debtor in, to and under any and all of the documents evidencing or securing the RUS Related Debt, including any and all rights to change, alter, modify or otherwise affect the terms and conditions of any such documents, whether such

rights arise under the Rural Electrification Act, as amended from time to time, or otherwise. The Debtor and the Reorganized Debtor shall be released and discharged from any liability or obligations on or relating to the RUS Secured Claim, the RUS Unsecured Claim and the RUS Related Debt, except with respect to the obligations of the Debtor or the Reorganized Debtor regarding the treatment of the RUS Secured Claim as provided herein. The RUS has previously agreed to make any and all guarantee payments required by the FFB Guarantee, the LBC Guarantee and any and all guarantees by the RUS concerning or relating to the RUS Related Debt. The RUS shall not seek to collect from the Debtor or the Reorganized Debtor, with respect to the RUS Secured Claim, the RUS Unsecured Claim and any RUS Related Debt, amounts in excess of the payment obligations of the Reorganized Debtor concerning the RUS Secured Claim as provided herein.

4.2.3 Class 3 -- The RUS Unsecured Claim.

In consideration of the treatment afforded the RUS Secured Claim as described in Section 4.2.2 hereof, as of the Effective Date, the RUS shall waive any right to receive any distribution on account of the RUS Unsecured Claim, and the Class 3 Claim shall be canceled, terminated and of no further force or effect. As of the Effective Date, the Allowed Class 3 Claim shall be extinguished, released and discharged pursuant to the Plan.

4.2.4 Class 4 -- The Chase Reimbursement Claim.

(a) Prior to stated expiration date of the Chase Letter of Credit, Chase shall extend such date until September 1, 1999. On the Effective Date, the following transactions shall occur substantially simultaneously: (i) Chase shall make the Chase Effective Date Payment to the Reorganized Debtor; (ii) the Reorganized Debtor shall cause the 1985 Bond Replacement LC to be issued and delivered to the 1985 Bond Trustee, which shall accept it; and (iii) all amendments to the 1985 Bond Documents necessary or desirable in connection with the 1985 Bond Replacement LC shall be executed and become effective. Immediately upon completion of the foregoing transactions: (a) the 1985 Bond Trustee shall return the Chase Letter of Credit to Chase; (b) any 1985 Bonds held by Chase as collateral shall be returned to the Reorganized Debtor; (c) Chase shall tender any 1985 Bonds registered in its name to or as directed by the Reorganized Debtor; (d) the Claims of Chase against the Debtor and the Reorganized Debtor shall be deemed satisfied in full and shall be extinguished; (e) except as otherwise provided in the Plan, Chase shall have no further obligations to the Debtor or the Reorganized Debtor; (f) Chase and the Reorganized Debtor shall execute and exchange mutual general releases satisfactory in form and substance to Chase and the Reorganized Debtor; and (g) Chase shall execute a release of mortgage satisfactory to the Reorganized Debtor which the Reorganized Debtor shall be responsible for preparing and recording.

(b) During the period beginning on the Confirmation Date and ending on the earlier of (x) the Effective Date or (y) August 31, 1998, the Debtor shall pay in full, as and when due, interest on the 1985 Bonds (or shall promptly reimburse Chase for any drawings under the Chase Letter of Credit to pay interest on the 1985 Bonds during such period); provided, however, that the aggregate amount of all such payments, when added to the aggregate amount of payments during such period

in respect of interest on the 1983 Bonds (including reimbursement of BNY for drawings under the BNY Letter of Credit to pay interest on the 1983 Bonds) shall not exceed \$5,000,000.

(c) In the event the Effective Date shall not have occurred before September 1, 1998, then, for the period beginning September 1, 1998 and ending on the earlier of the Effective Date or September 1, 1999, the Debtor shall pay any and all interest payments on the 1985 Bonds for interest attributable to such period (or the reimbursement obligation of the Debtor under the Chase Reimbursement Agreement in respect of interest drawings under the Chase Letter of Credit during such period for interest attributable to such period); provided, however, that in no event, shall the aggregate of all such interest payments made by the Debtor, when added to the aggregate amounts paid by the Debtor during such period under Section 4.2.6(d) hereof in respect of the 1983 Bonds and the BNY Reimbursement Agreement, exceed the sum of \$2,500,000 plus all amounts actually provided by LG&E Energy in accordance with the provisions of this Section 4.2.4(c) and Section 4.2.6(d). Solely to the extent that the Confirmation Order is effective, LG&E Energy shall provide in advance to the Debtor funds equal to fifty percent (50%) of any such amounts of interest attributable to and payable during such period, until the aggregate amount of interest attributable to and payable during such period pursuant to the 1983 Bonds, the 1985 Bonds, this Section 4.2.4(c) and Section 4.2.6(d) hereof is equal to \$5,000,000, and thereafter, LG&E Energy shall provide in advance up to an additional aggregate amount of \$300,000 to be used by the Debtor in making additional payments of interest attributable to and payable in such period pursuant to the 1983 Bonds, the 1985 Bonds, this Section 4.2.4(c) and Section 4.2.6(d) hereof. In no event shall the aggregate of all such amounts provided by LG&E Energy pursuant to this Section 4.2.4(c), when added to the aggregate amounts provided by LG&E Energy pursuant to Section 4.2.6(d) hereof in respect of the 1983 Bonds and the BNY Reimbursement Agreement, exceed \$2,800,000. Any and all amounts that may be provided by LG&E Energy to the Debtor pursuant to this Section 4.2.4(c) and Section 4.2.6(d) hereof shall be deposited by the Debtor into a segregated account and used by the Debtor solely to make such interest payments pursuant to and in accordance with this Section 4.2.4(c) and Section 4.2.6(d) hereof.

(d) In the event the Effective Date shall occur on a date which is not a date for payment of interest on the 1985 Bonds, accrued interest shall be for the account of the Reorganized Debtor.

(e) Except as expressly provided herein, neither Chase nor any of its agents or professionals shall receive any other consideration, payment or distribution from the Debtor or Reorganized Debtor. Without limiting the foregoing, neither Chase nor any of its agents or professionals shall receive any payment pursuant to Section 503(b) of the Bankruptcy Code for any alleged "substantial contribution" or otherwise.

4.2.5 Class 5 -- The 1985 Bonds and Related Claims.

4.2.5.1. Class 5A - 1985 Bonds. Except to the extent that the holder of a Class 5A Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), as of the Effective Date, the Reorganized Debtor shall assume and reinstate the 1985

Bonds and leave unaltered the legal, equitable and contractual rights of the holders of the Allowed Class 5A Claims.

4.2.5.2. Class 5B - 1985 Financing Agreement. Except to the extent that the holder of a Class 5B Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), as of the Effective Date, the Reorganized Debtor shall assume and reinstate the 1985 Financing Agreement and leave unaltered the legal, equitable and contractual rights of the holders of the Allowed Class 5B Claims.

4.2.5.3. Class 5C - 1985 Bond Trustee and Remarketing Agent Claims. Except to the extent that the holder of a Class 5C Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), on the Effective Date, each holder of an Allowed Class 5C Claim shall be paid Cash by the Reorganized Debtor in the amount of the Allowed Class 5C Claim of such holder, including interest on the principal amount of such Allowed Class 5C Claim accrued or earned during the period from the Petition Date to the date payment is made on account of such Allowed Class 5C Claim at the legal rate for the Commonwealth of Kentucky or at such other rate as provided for by agreement by and between the Debtor or the Reorganized Debtor (as applicable), and the holder of such Allowed Class 5C Claim.

4.2.6 Class 6 -- The BNY Reimbursement Claim.

(a) Prior to the stated expiration date of the BNY Letter of Credit, BNY shall extend such date until September 1, 1999. On the Effective Date, the following transactions shall occur substantially simultaneously: (i) BNY shall make the BNY Effective Date Payment to the Reorganized Debtor; (ii) the 1983 Bond Replacement LC shall be tendered to and accepted by the 1983 Bond Trustee; and (iii) all amendments to the 1983 Bond Documents necessary or desirable in connection with the 1983 Bond Replacement LC shall be executed and become effective. Immediately upon completion of all of the foregoing transactions: (a) the BNY Letter of Credit shall be canceled and returned to BNY by the 1983 Bond Trustee; (b) any 1983 Bonds held by BNY as collateral shall be returned to the Reorganized Debtor; (c) BNY shall tender any 1983 Bonds registered in its name to or as directed by the Reorganized Debtor; (d) the Claims of BNY against the Debtor and the Reorganized Debtor under the BNY Reimbursement Agreement, the Debt Restructuring Agreement or otherwise, shall be deemed satisfied in full and shall be extinguished; (e) except as otherwise provided in the Plan, BNY shall have no further obligations to the Debtor or the Reorganized Debtor; (f) BNY and the Reorganized Debtor shall execute mutual releases satisfactory in form and substance to BNY and the Reorganized Debtor; and (g) BNY shall execute a release of mortgage satisfactory to the Reorganized Debtor which the Reorganized Debtor shall be responsible for preparing and recording.

(b) Solely as a mechanism to effect the BNY Effective Date Payment and to provide the same treatment as stated above, if requested by BNY, the 1983 Bond Trustee shall draw down the BNY Letter of Credit in an amount equal to the BNY Effective Date Payment and shall, with the proceeds of such draw, make the BNY Effective Date Payment on behalf of BNY. Any costs, fees

or expenses relating to any such draw shall be paid by BNY. Neither the Debtor nor the Reorganized Debtor shall incur any obligations, fees, costs or expenses with respect to any such draw, whether under the BNY Reimbursement Agreement, the BNY Bond Documents, the Debt Restructuring Agreement or otherwise. Nothing in this Section 4.2.6(b) shall relieve BNY from the obligations to make the BNY Effective Date Payment in accordance with Section 4.2.6(a).

(c) During the period beginning on the Confirmation Date and ending on the earlier of (x) the Effective Date or (y) August 31, 1998, the Debtor shall pay in full, as and when due, interest on the 1983 Bonds (or shall promptly reimburse BNY for any drawings under the BNY Letter of Credit to pay interest on the 1983 Bonds during such period); provided, however, that the aggregate amount of all such payments, when added to the aggregate amount of payments during such period in respect of interest on the 1985 Bonds (including reimbursement of Chase for drawings under the Chase Letter of Credit to pay interest on the 1985 Bonds) shall not exceed \$5,000,000.

(d) In the event the Effective Date shall not have occurred before September 1, 1998, then, for the period beginning September 1, 1998 and ending on the earlier of the Effective Date or September 1, 1999, the Debtor shall pay any and all interest payments on the 1983 Bonds for interest attributable to such period (or the reimbursement obligation of the Debtor under the BNY Reimbursement Agreement in respect of interest drawings under the BNY Letter of Credit during such period for interest attributable to such period); provided, however, that in no event shall the aggregate of all such interest payments made by the Debtor, when added to the aggregate amounts paid by the Debtor during such period under Section 4.2.4(c) hereof in respect of the 1985 Bonds and the Chase Reimbursement Agreement exceed the sum of \$2,500,000 plus all amounts actually provided by LG&E Energy in accordance with the provisions of this Section 4.2.6(d) and Section 4.2.4(c). Solely to the extent that the Confirmation Order is effective, LG&E Energy shall provide in advance to the Debtor funds equal to fifty percent (50%) of any such amounts of interest attributable to and payable during such period, until the aggregate amount of interest attributable to and payable during such period pursuant to the 1983 Bonds, the 1985 Bonds, this Section 4.2.6(d) and Section 4.2.4(c) hereof is equal to \$5,000,000, and thereafter, LG&E Energy shall provide in advance up to an additional aggregate amount of \$300,000 to be used by the Debtor in making additional payments of interest attributable to and payable in such period pursuant to the 1983 Bonds, the 1985 Bonds, this Section 4.2.6(d) and Section 4.2.4(c) hereof. In no event shall the aggregate of all such amounts provided by LG&E Energy pursuant to this Section 4.2.6(d), when added to the aggregate amounts provided by LG&E Energy pursuant to Section 4.2.4(c) hereof in respect of the 1985 Bonds and the Chase Reimbursement Agreement, exceed \$2,800,000. Any and all amounts that may be provided by LG&E Energy to the Debtor pursuant to this Section 4.2.6(d) and Section 4.2.4(c) hereof shall be deposited by the Debtor into a segregated account and used by the Debtor solely to make such interest payments pursuant to and in accordance with this Section 4.2.6(d) and Section 4.2.4(c) hereof.

(e) In the event the Effective Date shall occur on a date which is not a date for payment of interest on the 1983 Bonds, accrued interest shall be for the account of the Reorganized Debtor.

(f) Except as expressly provided herein, neither BNY nor any of its agents or professionals shall receive any consideration, payment or distribution from the Debtor or the Reorganized Debtor. Without limiting the foregoing, neither BNY nor any of its agents or professionals shall receive any payment pursuant to Section 503(b) of the Bankruptcy Code for any alleged "substantial contribution" or otherwise.

4.2.7 Class 7 -- The 1983 Bonds and Related Claims.

4.2.7.1. Class 7A - 1983 Bonds. Except to the extent that the holder of a Class 7A Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), as of the Effective Date, the Reorganized Debtor shall assume and reinstate the 1983 Bonds and leave unaltered the legal, equitable and contractual rights of the holders of the Allowed Class 7A Claims.

4.2.7.2. Class 7B - 1983 Financing Agreement. Except to the extent that the holder of a Class 7B Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), as of the Effective Date, the Reorganized Debtor shall assume and reinstate the 1983 Financing Agreement and leave unaltered the legal, equitable and contractual rights of the holders of the Allowed Class 7B Claims.

4.2.7.3. Class 7C - 1983 Bond Trustee and Remarketing Agent Claims. Except to the extent that the holder of a Class 7C Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), on the Effective Date, each holder of an Allowed Class 7C Claim shall be paid Cash by the Reorganized Debtor in the amount of the Allowed Class 7C Claim of such holder, including interest on the principal amount of such Allowed Class 7C Claim accrued or earned during the period from the Petition Date to the date payment is made on account of such Allowed Class 7C Claim at the legal rate for the Commonwealth of Kentucky or at such other rate as provided for by agreement by and between the Debtor or the Reorganized Debtor (as applicable) and the holder of such Allowed Class 7C Claim.

4.2.8 Class 8 -- General Unsecured Claims. Except to the extent that the holder of a Class 8 Claim agrees to a different treatment with the Debtor or the Reorganized Debtor (as applicable), on the Effective Date, each holder of an Allowed Class 8 Claim shall be paid Cash by the Reorganized Debtor in an amount (a) as provided in any stipulation by and between the holder of an Allowed Class 8 Claim and the Debtor or the Reorganized Debtor (as applicable), or (b) of the Allowed Class 8 Claim of such holder including interest on the principal amount of such Allowed Class 8 Claim accrued or earned during the period from the Petition Date to the date payment is made on account of such Allowed Class 8 Claim at the legal rate for the Commonwealth of Kentucky or at such other rate as provided for by agreement by and between the Debtor or the Reorganized Debtor (as applicable) and the holder of such Allowed Class 8 Claim.

4.2.9 Class 9 -- Member Claims. The holders of Class 9 Member Claims shall not receive any distribution under the Plan in respect of any Class 9 Member Claims, except as provided

in Sections 4.2.11, 5.3 and 5.4 hereof, and the holders of Class 9 Claims shall otherwise waive any right to receive any distributions on account of any Allowed Class 9 Claims, and any and all such Claims shall be canceled, terminated and of no further force or effect. As of the Effective Date, each Class 9 Claim shall be extinguished, released and discharged pursuant to the Plan.

4.2.10 Class 10 -- Patronage Claims. The holders of Class 10 Patronage Claims shall not receive any distribution under the Plan in respect of any Class 10 Patronage Claims, except as provided in Sections 4.2.11, 5.3 and 5.4 hereof, and the holders of the Class 10 Claims shall otherwise waive any right to receive any distributions on account of any Allowed Class 10 Claims, and any and all such Claims shall be canceled, terminated and of no further force or effect. As of the Effective Date, each Class 10 Claim shall be extinguished, released and discharged pursuant to the Plan.

4.2.11 Class 11 -- Interests of Members. The Members shall not receive any distributions under the Plan on account of their Class 11 interests. Each Member, however, shall retain its interests and rights in the Reorganized Debtor as provided in the articles of incorporation and bylaws of the Debtor.

ARTICLE V

MEANS OF PLAN IMPLEMENTATION

5.1 Closing of the LG&E Energy Transaction; Transactions to Occur on the Effective Date.

(a) On the Effective Date, the Debtor, the Reorganized Debtor and LG&E Energy shall consummate the transactions contemplated by, and in accordance with, the Transaction Agreements, and thereby effectuate the LG&E Energy Transaction. Entry of the Confirmation Order shall constitute approval by the Bankruptcy Court of the Transaction Agreements (as they may be further amended by agreement by and between the Debtor and LG&E Energy prior to the Effective Date, the right to make such amendments being hereby reserved by each of the Debtor and LG&E Energy) and the LG&E Energy Transaction, and, subject to Sections 7.4 and 7.5 hereof, shall authorize and empower the Debtor and the Reorganized Debtor to take all actions and perform all acts necessary to consummate the transactions contemplated by the Transaction Agreements.

(b) The following transactions and transfers shall take place on the Effective Date:

1. The Reorganized Debtor shall file with the Secretary of State of the Commonwealth of Kentucky amended and restated articles of incorporation.

2. The Reorganized Debtor and LG&E Energy shall execute and deliver the Transaction Agreements and consummate the Closing of the LG&E Energy Transaction as contemplated by, and in accordance with, the Transaction Agreements.

3. The Reorganized Debtor shall make the Closing Payment to the RUS, and the Reorganized Debtor shall execute and deliver to the RUS: (a) the New RUS Note, (b) the ARVP Note, (c) the New RUS Agreement, (d) the New RUS Mortgage and (e) any other documents as required under the Plan.

4. The RUS and any Replacement LC Issuer shall execute and deliver to LG&E Energy the Non-Disturbance Agreement.

5. [Intentionally Omitted]

6. Chase shall pay to the Reorganized Debtor the Chase Effective Date Payment.

7. BNY shall pay to the Reorganized Debtor the BNY Effective Date Payment.

8. The Replacement Letters of Credit shall be issued to the 1985 Bond Trustee and the 1983 Bond Trustee, which shall accept them. Any amendments to the 1985 Bond Documents and the 1983 Bond Documents which are necessary to consummate the Plan shall be executed and take effect.

9. The Debtor, the Reorganized Debtor, each of the Members, each of the Smelters, the RUS, LG&E Energy and any other Person required shall execute and deliver each and every Schedule 5.4(a) Document including, without limitation, the Stand-By Agreement, a non-disturbance agreement from the RUS and the replacement letter of credit bank, and the Smelter power contracts with Members and the tariffs applicable thereto. The form of such Schedule 5.4(a) Documents shall be reasonably satisfactory to each of the Smelters and the parties thereto.

10. Solely to the extent required by the Transaction Agreements, the Debtor or the Reorganized Debtor (as applicable) shall assume and assign to LG&E Energy, pursuant to Section 365 of the Bankruptcy Code and Article VI hereof, any and all Selected Contracts.

11. The Debtor, the Reorganized Debtor and BNY shall execute and deliver mutual releases as provided in Section 4.2.6(a) hereof.

12. The Debtor, the Reorganized Debtor and Chase shall execute and deliver mutual releases as provided in Section 4.2.4(a) hereof.

13. Cash in an amount sufficient to make the payments as of the Effective Date contemplated by the Plan shall be made available for distribution by the Reorganized Debtor.

14. The Proposed Rates shall become effective.

15. The Debtor, the Reorganized Debtor, the Smelters and related parties (including Southwire, KIUC, Green River Electric and Henderson Union) shall take all reasonable actions to dismiss with prejudice those Claims (a) asserted by Debtor against NSA, Alcan, Southwire and KIUC in the actions referenced in Schedule 5.1(b)(15)(i) attached hereto, and (b) asserted by NSA, Southwire, or Alcan against or on behalf of the Debtor, Green River Electric or Henderson Union in the actions referenced in Schedule 5.1(b)(15)(ii) attached hereto. Further, on the Effective Date, the Debtor or the Reorganized Debtor (as applicable) shall dismiss its application in case No. 96-215 pending before the KPSC.

16. The Banks, the RUS, each of the Smelters and each of the Members shall execute and deliver mutual releases relating to or concerning matters involving the Debtor in favor of each other releasing any and all claims and causes of action as may exist between or among any of them immediately prior to the Effective Date. The form of such releases shall be reasonably satisfactory to each of BNY, Chase, the RUS, each of the Smelters and the majority of the Members.

17. Solely to the extent provided in the Transaction Agreements, LG&E Energy shall pay or assume certain Claims of employees of the Debtor against the Debtor or Reorganized Debtor, and certain obligations of the Debtor or the Reorganized Debtor to employees, such that neither the Debtor nor the Reorganized Debtor shall be obligated to pay or assume any such amounts to be paid or assumed by LG&E Energy pursuant to the Transaction Agreements.

18. The Debtor or the Reorganized Debtor and LG&E Energy shall take any and all further actions as are reasonably necessary or appropriate, and as are within their reasonable control, to effectuate the Plan.

5.2 Continued Corporate Existence and Operations.

(a) The Debtor shall continue to exist on and after the Effective Date as the Reorganized Debtor, a Kentucky electric cooperative corporation, with all the rights and powers of such a corporation under applicable law. Except as otherwise provided in the Plan or the Transaction Agreements, on or after the Effective Date, any and all Assets and properties of the estate, and any and all Assets and properties acquired by the Debtor or the Reorganized Debtor under any provision of the Plan, shall vest in the Reorganized Debtor, free and clear of any and all Claims, Liens, charges or other encumbrances. Except as otherwise provided by the Plan or the Transaction Agreements, on and after the Effective Date, the Reorganized Debtor may operate its business and may use, acquire and dispose of Assets and properties and compromise or settle any claims against it without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan, the Transaction Agreements, the Confirmation Order, any other agreement to which the Reorganized Debtor is a party and which survives the Effective Date, or applicable law. Without limiting the foregoing, the

Reorganized Debtor may pay the charges that it incurs after the Effective Date for professional fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

(b) Except as otherwise provided in the Transaction Agreements or the Schedule 5.4(a) Documents, the Reorganized Debtor shall continue to meet the full power requirements of its Members under the new power supply contracts to be executed by the Debtor and the Members.

(c) In its capacity as a transmission-system operator, the Reorganized Debtor will file Open Access Transmission Service Tariffs with FERC which shall give third parties access to transmission on the facilities of the Reorganized Debtor at rates comparable to those the Reorganized Debtor charges itself. As a future transmission customer pursuant to the LG&E Energy Transaction, LG&E Energy shall have pledged future minimum transmission payments of \$5 million a year in association with its use of the generation Assets of the Reorganized Debtor to make off-system sales of generating capacity not subject to the Power Contracts. Other parties, including national power marketers and regional independently owned utilities, shall be able to purchase transmission services from the Reorganized Debtor.

5.3 Approval of Rates to be Charged by the Reorganized Debtor.

(a) The Debtor shall commence proceedings before the KPSC¹ (the "Rate Case") to establish, and obtain approval of, the rates at which the Reorganized Debtor shall sell power to each of the Members and others (if applicable) from and after the Effective Date (the "Proposed Rates"). The term "Proposed Rates" includes the rates, volumes, time periods and other terms set forth in Schedule 5.3(a) annexed hereto. The Proposed Rates shall be set forth in proposed tariffs applicable to each of the Members for each of three applicable customer classes: (a) rural ratepayers; (b) primary aluminum Smelter customers; and (c) large industrial non-Smelter customers.

(b) In the Rate Case, the Debtor shall seek approval of tariffs that would establish the Proposed Rates for the Members and others (if applicable) to become effective on the Effective Date, including specific rates applicable to power sold to the Members for resale to the Smelters. Provided the Proposed Rates are approved and the Plan is confirmed, on the Effective Date, the Smelters and related parties (including Southwire and KIUC) shall dismiss with prejudice all Claims in litigation in Kentucky courts and before the KPSC regarding, among other things, the Debtor's past and present rates. Additionally, provided the Proposed Rates are approved and the Plan is confirmed,

¹ The KPSC is the regulatory body authorized under Kentucky Law to approve rates for Big Rivers which are "fair, just and reasonable" pursuant to KRS 278.030(1). In the context of a bankruptcy proceeding and under certain other scenarios, arguments exist that the RUS or other entities have jurisdiction and authority to set and/or approve rates. Neither the RUS nor Big Rivers is asserting such arguments in the context of this Plan in its present form. Such arguments, however, are not being waived or limited and are hereby expressly preserved.

on the Effective Date, the Smelters, KIUC, Southwire, Commonwealth Aluminum Company, the Attorney General for the Commonwealth of Kentucky and their respective successors shall settle, compromise, and release and shall be deemed to have settled, compromised and released, any and all Claims and causes of action against the Debtor, the Reorganized Debtor and the Members and against any of their current and former directors, officers, employees, agents or attorneys (except for Mr. William Thorpe and KPMG Peat Marwick, who are not hereby released) based on any conduct, transaction, or occurrence on or prior to the Effective Date, including, but not limited to, any Claims asserted in any proof of claim filed in this Reorganization Case or otherwise. Further, on the Effective Date, the Debtor or the Reorganized Debtor (as applicable) will dismiss its application in Case No. 96-215 pending before the KPSC.

5.4 Global Settlement By and Among the Debtor, the Reorganized Debtor, the Smelters, the Members and the RUS; Retention of Claims.

(a) The terms and conditions concerning issues relating to the Smelters are set forth in Schedule 5.4(a) attached hereto. As provided in Schedule 5.4(a), the Debtor shall commence the Rate Case not later than June 30, 1997 and, as part of said filing, the Debtor shall request that the KPSC approve a one year interim adjustment in Smelter and Member rates effective September 1, 1997 equal to the first year Proposed Rates for the Smelters and the Members. On the Effective Date, the Debtor and the Reorganized Debtor, each of the Members, each of the Smelters, the RUS and any other Person required shall execute the Schedule 5.4(a) Documents implementing the terms and conditions concerning issues relating to the Smelters as set forth in Schedule 5.4(a) attached hereto. The form of such Schedule 5.4(a) Documents shall be reasonably satisfactory to each of the Smelters and the parties thereto.

(b) Except as otherwise provided in the Plan, all claims of the estate of the Debtor against other parties as of the Effective Date shall be retained by the Reorganized Debtor, including, without limitation, the claims of the Debtor (unless resolved prior to the Effective Date) in the civil actions (collectively and individually, the "Coal Fraud Cases") listed on Schedule 5.4(b) attached hereto.

5.5 Procurement of Replacement Letters of Credit. As of the Effective Date, the Debtor or the Reorganized Debtor shall procure a replacement Letter of Credit or other acceptable credit enhancement and liquidity facility securing the payment of principal and interest on the 1985 Bonds (the "1985 Bond Replacement LC"), and a replacement Letter of Credit or other acceptable credit enhancement and liquidity liability securing the payment of principal and interest on the 1983 Bonds (the "1983 Bond Replacement LC"), to replace the Chase Letter of Credit and the BNY Letter of Credit, respectively. The fees, costs and expenses of the issuer(s) of the Replacement Letters of Credit, the 1983 Bond Trustee and the 1985 Bond Trustee directly related to the closing of the transactions required to obtain the Replacement Letters of Credit shall be paid by the Debtor or Reorganized Debtor from operating revenues or from Cash available as of the Effective Date. The Debtor or Reorganized Debtor shall execute appropriate reimbursement agreements in favor of the issuer(s) of the Replacement Letters of Credit. The RUS shall provide such lien accommodation,

which may include subordination of or under the New RUS Mortgage, to enable the Debtor or the Reorganized Debtor to procure the 1985 Bond Replacement LC and 1983 Bond Replacement LC on the Effective Date. Consistent with any such lien accommodations, the Debtor or the Reorganized Debtor (as appropriate) shall execute and deliver appropriate instruments granting liens or other rights in or concerning its assets in favor of the Replacement LC Issuer.

5.6 Corporate Governance of the Reorganized Debtor.

(a) On the Effective Date, the articles of incorporation of the Debtor shall be amended and restated. The articles of incorporation as amended shall, among other things, prohibit the issuance of non-voting equity securities to the extent required by Section 1123(a) of the Bankruptcy Code. Subsequent to the Effective Date, the Reorganized Debtor may further amend and restate its articles of incorporation or bylaws as permitted by the applicable law of the Commonwealth of Kentucky.

(b) Those persons serving as directors and officers of the Debtor as of the date hereof shall, subject to changes in the ordinary course of business and except as may be announced in connection with the confirmation proceedings, continue to serve in their same capacities on behalf of the Reorganized Debtor after the Confirmation Date. The Debtor shall advise the Bankruptcy Court at the Confirmation Hearing as to the identity and affiliation of any Person proposed to serve as a director or officer of the Reorganized Debtor as of the Confirmation Date.

(c) Upon the Effective Date, adoption by the Reorganized Debtor of amended and restated articles of incorporation and the other matters contemplated by or provided for under the Plan involving the corporate structure of the Debtor or the Reorganized Debtor or a corporate action to be taken by or required of either the Debtor or the Reorganized Debtor shall be deemed to have occurred and be effective, and all actions required or contemplated in order to consummate the Plan shall be authorized and approved in all respects without any requirement of further action by the Members or directors of the Debtor or the Reorganized Debtor.

(d) On and after the Effective Date, the Members shall retain their interests and membership in the Reorganized Debtor, and each Member shall retain its rights under the articles of incorporation and bylaws of the Debtor to the extent not inconsistent with the treatment of the rights, Claims and interests of the Members as otherwise provided in the Plan. The Reorganized Debtor shall continue to be governed by its Board of Directors with the same powers vested in the Board of Directors as those which the articles of incorporation and bylaws of the Debtor, as well as applicable laws, confer upon it and subject to the same oversight of the RUS under the Rural Electrification Act as the RUS exercises with respect to other cooperative utilities subject to its jurisdiction.

5.7 Plan Supplement. Drafts of the Transaction Agreements shall be filed as a supplement to the Plan (the "Plan Supplement") with the Clerk of the Bankruptcy Court at least five days prior to the deadline fixed by the Bankruptcy Court for filing objections to the confirmation of

the Plan subject to further order of the Bankruptcy Court: provided, however, that the Transaction Agreements may be amended by agreement by and between the Debtor and LG&E Energy prior to the Effective Date. The right of the Debtor and LG&E Energy to make amendments to the Transaction Agreements prior to the Effective Date is hereby expressly reserved.

5.8 Distributions to Holders of Allowed Claims.

(a) Distributions to each holder of an Allowed Claim shall be made (i) at the address set forth on the proof of claim or any amendment thereof as filed by such holder, (ii) in lieu of the address set forth in Clause (i), at the address set forth in any written notice of address change received by the Reorganized Debtor, as applicable, after the Effective Date, (iii) at the address of such holder reflected in the Schedules if no proof of claim has been filed and the Reorganized Debtor has not received a written notice of a change of address, or (iv) if clauses (i), (ii) and (iii) are inapplicable, at the address of such holder reflected in the records maintained by the Reorganized Debtor in the ordinary course of its business.

(b) The Reorganized Debtor shall ensure that on the Effective Date sufficient Cash is on hand to make the payments required to be made under the Plan on the Effective Date or as soon as practicable thereafter. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be due on the next succeeding Business Day.

(c) In accordance with Bankruptcy Rule 6003, except as otherwise required or provided by the Plan, the Confirmation Order or any applicable agreement, (i) any Cash payment to be made by the Debtor or the Reorganized Debtor, as applicable, pursuant to the Plan shall be made by a check drawn on a United States bank selected by the Debtor or the Reorganized Debtor, mailed by first class mail, or, at the option of the Debtor or the Reorganized Debtor (as applicable), by wire transfer from a domestic bank; provided, however, that Cash payments to foreign creditors, if any, may be made, at the option of the Debtor or the Reorganized Debtor (as applicable), in such funds and by such means as are necessary or customary in a particular foreign jurisdiction; and provided further, however, that any and all foreign currency costs and wire transfer costs incurred in making distributions to any holder of a Claim pursuant to the Plan shall be paid by such holder; and (ii) any Cash or other consideration to be distributed to the holder of an Allowed Claim, on or after the Effective Date, otherwise shall be distributed directly by the Reorganized Debtor in accordance with the Plan.

(d) If the consideration distributed to any holder of an Allowed Claim is returned by the United States Post Office as undeliverable or has otherwise not been claimed, including by failure to timely deposit a check, no further distributions shall be made to that holder unless and until the Reorganized Debtor is notified in writing of the current address of that holder. Any unclaimed distribution in the form of Cash may, until such time as such unclaimed distribution becomes deliverable, be held by the Reorganized Debtor or its agent, and such Cash commingled with other funds of the Reorganized Debtor.

(e) Notwithstanding any provision herein to the contrary, any holder of an Allowed Claim that does not assert a claim for an undeliverable distribution for a period of 90 days after the distribution is returned as undeliverable shall have its claim for such undeliverable claim discharged and shall be forever barred from asserting any Claim against the Reorganized Debtor or LG&E Energy or their respective assets or property. Any Cash or other distributions in respect of such Claim shall revert to the Reorganized Debtor. Nothing contained in the Plan shall require the Reorganized Debtor to attempt to locate any holder of an Allowed Claim other than by reviewing the records of the Reorganized Debtor.

(f) All distributions under the Plan on account of Claims shall be made to the holders thereof as such holders are set forth in (i) the Schedules or, alternatively, (ii) to the extent a holder of a Claim has filed a proof of claim or notice of transfer of such Claim, the claims register maintained by the Bankruptcy Court (the "Claims Register"). The Record Date for distributions to be made, if any, to the holders of Claims, shall be determined in accordance with Section 5.9 of the Plan.

5.9 Record Date. As of the close of business on the Confirmation Date (the "Record Date"), the Claims Register and the Schedules shall be closed for purposes of determining the holders of Claims entitled to receive distributions under the Plan. The Debtor and the Reorganized Debtor, as applicable, shall be under no obligation to recognize the transfer of any Claim occurring after the Record Date, and shall be entitled to recognize, for all purposes under the Plan, including, without limitation, distribution pursuant to the Plan, only those holders of Claims listed on the Schedules or the Claims Register as of the Record Date.

5.10 Disputed Claims.

(a) No distribution or payment shall be made on account of a Disputed Claim until such Disputed Claim becomes an Allowed Claim. Cash shall be distributed pursuant to the terms of the Plan to a holder of a Disputed Claim when and to the extent that such Disputed Claim becomes an Allowed Claim pursuant to a Final Order. Such distribution shall be made on or as soon as practicable after the tenth Business Day following the date of which such Disputed Claim becomes an Allowed Claim.

(b) After the Confirmation Date, the Debtor or the Reorganized Debtor (as applicable) and LG&E Energy shall have the exclusive right to make and file objections to Claims, except that as to Fee Claims, objections may be made in accordance with the applicable Bankruptcy Rules by parties-in-interest. Any objection filed by the Debtor, the Reorganized Debtor or LG&E Energy may be withdrawn by the party filing it without further order of the Bankruptcy Court. The Debtor or the Reorganized Debtor (as applicable) shall be authorized, without further order of the Bankruptcy Court, to settle an objection to, or otherwise compromise or settle, any Claims to which an objection has been filed.

5.11 **Setoffs.** The Debtor or the Reorganized Debtor may, but shall not be required to, set off against any Claim and/or the distributions to be made pursuant to the Plan on account of such Claim, the claims, rights and causes of action of any nature whatsoever that the Debtor or the Reorganized Debtor may hold against the holder of such Claim; provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor or the Reorganized Debtor of any such claim, right or cause of action that the Debtor or the Reorganized Debtor may possess against such holder, all of which shall be reserved to and retained by the Reorganized Debtor.

5.12 **Bar Date for Objections to Claims.** Except as provided in Section 5.13, any objection to any Claim, including any Administrative Claim, shall be filed by the later of (a) the date which is 90 days after the Effective Date, (b) 60 days after a proof of claim with respect to such Claim has been filed, or (c) such later date as may be ordered by the Bankruptcy Court. Any such Claim that would otherwise be an Allowed Claim and that has not been objected to on or prior to such date shall be an Allowed Claim in the appropriate Class.

5.13 **Bar Dates for Fee Claims.**

(a) Professionals or any other Persons or Creditors requesting compensation or reimbursement of expenses pursuant to Sections 330, 331 or 503(b) of the Bankruptcy Code for services rendered before the Effective Date shall file and serve on the Debtor or the Reorganized Debtor (as applicable), the Office of the U.S. Trustee, LG&E Energy, the RUS, BNY and Chase a Fee Application for final allowance of compensation and reimbursement of expenses within such other time period as the Bankruptcy Court shall fix in the Confirmation Order or in any other order; provided, however, that any Person seeking compensation for making a substantial contribution under Section 503(b) of the Bankruptcy Code shall file a request for payment or Fee Application, as appropriate, for allowance of compensation and reimbursement of expenses no later than 30 days after the Confirmation Date. Nothing in the immediately preceding proviso shall excuse or be deemed to excuse compliance by any Person with any order previously entered by the Bankruptcy Court concerning Section 503(b) or fee enhancements.

(b) Any Professional or other Person or Creditor that fails timely to file a Fee Application for final allowance of compensation and reimbursement of expenses shall be forever barred from asserting such Claims against the Debtor or the Reorganized Debtor, and the Debtor and the Reorganized Debtor shall be discharged from such Claims, and neither the Debtor nor the Reorganized Debtor shall be obligated to pay such Claims; provided, that, in any event, any Professional or other Person or Creditor that is subject to the Administrative Fee Order or other such order of the Bankruptcy Court may continue to receive payments as provided therein for services rendered and expenses incurred. Objections to Fee Applications shall be filed and served on the Debtor or the Reorganized Debtor (as applicable), the Office of the U.S. Trustee, LG&E Energy, the RUS, BNY and Chase and the requesting Person within such time period as the Bankruptcy Court shall fix in the Confirmation Order or in any other order. Final allowance of such Fee Claims shall be subject to approval by the Bankruptcy Court following a hearing. The Bankruptcy Court shall

retain jurisdiction to determine such Fee Claims, and the right to extend or change the timetables established by this Section 5.13(b). Nothing herein shall be deemed a consent of the Debtor or the Reorganized Debtor to the payment of any postpetition interest on any such compensation or reimbursement.

5.14 Bar Date for Administrative Claims. Unless otherwise ordered by the Bankruptcy Court, any Person or Creditor (other than any Person requesting compensation or reimbursement of expenses pursuant to Section 5.13 hereof) requesting compensation or reimbursement of expenses pursuant to Sections 503(b) and 507 of the Bankruptcy Code for services rendered, or costs and expenses of preserving the estate of the Debtor shall file and serve upon the Debtor or the Reorganized Debtor (as applicable), the Office of the U.S. Trustee, LG&E Energy, the RUS, BNY and Chase, with copies served upon their respective counsel, a proof of Administrative Claim no later than (i) 30 days after the Confirmation Date or (ii) such sooner date previously established by Order of the Bankruptcy Court.

ARTICLE VI

EXECUTORY CONTRACTS

6.1 Assumption of Executory Contracts. Except as otherwise provided in the Plan or in any contract, instrument, lease, indenture, Transaction Agreement or other agreement or document entered into in connection with the Plan, on the Effective Date, all Executory Contracts, (a) not expressly assumed or rejected by order of the Bankruptcy Court on or prior to the Confirmation Date, or (b) not the subject of a pending motion to reject on or prior to the Confirmation Date, shall be assumed. The Debtor or Reorganized Debtor (as applicable) shall assign to LG&E Energy the Selected Contracts as required by the Transaction Agreements.

6.2 PKEC Transaction Documents. The Debtor contends that it has no obligations to any of the PacifiCorp Entities under the PKEC Transaction Documents and none of the PKEC Transaction Documents has any force or effect. The Debtor shall not assume or reject any of the PKEC Transaction Documents and none of the PKEC Transaction Documents shall be deemed assumed or rejected.

6.3 Cure of Defaults. As to any Executory Contract to be assumed or assumed and assigned, as the case may be, pursuant to this Article VI, in accordance with the provisions of Section 1123(a)(5)(G) of the Bankruptcy Code, the Cure Payments shall be made or the ability to make the Cure Payments shall be demonstrated. In accordance with Section 365(f) of the Bankruptcy Code, the ability to provide adequate assurance of future performance under each such Executory Contract to be assumed or to be assumed and assigned, as the case may be, shall be demonstrated. Payment of any such Claim arising in respect of an Executory Contract shall be in full satisfaction, release, discharge and cure of all such defaults (including any other Claims filed by any such party as a result of such existing defaults).

6.4 Claims for Rejection Damages. Except as otherwise may be ordered by the Bankruptcy Court, each Person that is a party to a rejected Executory Contract shall be entitled to file, not later than 30 days after the issuance of an order of the Bankruptcy Court authorizing such rejection (which order may be the Confirmation Order), a proof of claim for damages alleged to have arisen from the rejection of the Executory Contract to which such Person is a party, or be forever barred. Objections to any such proof of claim shall be filed by the later of (a) 120 days after such proof of claim is filed, or (b) such later date as may be set by the Bankruptcy Court. The Bankruptcy Court shall determine any such objection. Unsecured Claims arising out of the rejection of Executory Contracts shall be General Unsecured Claims entitled to the treatment set forth in Section 4.2.8 hereof.

ARTICLE VII

CONDITIONS PRECEDENT

7.1 Conditions to Confirmation. Confirmation of the Plan shall not occur unless and until each of the following conditions has been satisfied or, to the extent permitted, duly waived in writing pursuant to Section 7.3 hereof:

(a) There shall have been no material adverse change to the business or the Assets, properties, financial condition, results of operations or business prospects of the Debtor between (i) the date the Plan and the Disclosure Statement is disseminated to Creditors pursuant to order of the Bankruptcy Court, and (ii) the Confirmation Date.

(b) The New RUS Note, the ARVP Note and the New RUS Mortgage shall be in form and substance reasonably satisfactory to the RUS.

(c) The Transaction Agreements shall be in form and substance satisfactory to each of the Debtor and LG&E Energy; provided, however, that the Transaction Agreements may be amended by agreement by and between the Debtor and LG&E Energy prior to the Effective Date.

(d) The documentation necessary to obtain and implement the Replacement Letters of Credit shall be in form and substance reasonably satisfactory to each of BNY, Chase, the RUS and the Debtor. Such documentation shall include, but not be limited to, a commitment letter in form and substance reasonably satisfactory to each of BNY, Chase, and the RUS from a credit enhancer satisfactory to each of BNY, Chase and the RUS.

(e) No material environmental liability Claim shall have been filed by any Person, including, without limitation, any state or federal environmental or regulatory agency, asserting actual or potential liability against the Debtor or against any affiliate or predecessor of the Debtor, for which the Debtor may be liable.

(f) There shall have been either (i) an agreement reached by and among the Debtor and holders of each of the Green River Coal Claim, the Pik-Coal Claim and the Thorpe Claim as to the allowed amount of each such Claim for purposes of receiving distributions under the Plan, or (ii) an order entered by the Bankruptcy Court pursuant to Section 502(b) or (c) of the Bankruptcy Code, which order shall not have been vacated, reversed or stayed as of the Confirmation Date (or as of the Effective Date if this condition becomes a condition to the Effective Date), determining or estimating each of the Green River Coal Claim, the Pik-Coal Claim and the Thorpe Claim for purposes of allowance of such claims and for purposes of receiving distributions under the Plan.

(g) Any such order referenced in the immediately preceding paragraph and entered by the Bankruptcy Court pursuant to Section 502(b) or (c) of the Bankruptcy Code shall not have determined or estimated (i) the Green River Coal Claim in any amount greater than (a) \$6,250,000, if the Reorganized Debtor is awarded all sums currently being held in escrow in connection with certain litigation between the Debtor and Green River Coal, (b) \$750,000, if the Reorganized Debtor is not awarded all such sums currently being held in escrow, or (c) such other amount as may be agreed upon by each of the Debtor, LG&E Energy, the RUS BNY, Chase, each of the Smelters and a majority of the Members; (ii) the Pik-Coal Claim in any amount greater than (a) \$15,000, or (b) such other amount as may be agreed upon by each of the Debtor, LG&E Energy, the RUS, BNY, Chase, each of the Smelters and a majority of the Members; and (iii) the Thorpe Claim in any amount greater than (a) \$5,000, or (b) such other amount as may be agreed upon by each of the Debtor, LG&E Energy, the RUS, BNY, Chase, each of the Smelters and a majority of the Members.

(h) The RUS shall have declared the entire unpaid principal balance of the notes executed by the Debtor in favor of First Interstate Bank of Arizona, NA, as Trustee of Cooperative Utility Trust (Big Rivers Series) 1987-A2, 1987-A3, 1988-A2 and 1988-A3 (the "CoBank Notes") and all interest thereon, to be due and payable, and shall have become entitled and obligated, in the place and stead of the Debtor, to pay principal and guaranteed interest to the payees of the CoBank Notes.

(i) A final order (i) validating (a) the RUS' interest in cash collateral, (b) the perfection and priority of the RUS' liens, and (c) the adequate protection payments made to the RUS, and (ii) authorizing the use of cash collateral until the Effective Date to pay the (a) expenses, costs and fees authorized under the Interim Cash Collateral Order, and (b) such other costs, fees or expenses as may be agreed upon between the Debtor and the RUS shall have been entered by the Bankruptcy Court, which order shall be in form and substance satisfactory to the RUS and the Debtor.

7.2 Conditions to Effectiveness. Notwithstanding any other provision of the Plan or the Confirmation Order, the effectiveness of the Plan and the Effective Date shall not occur, and the Plan shall not be consummated, unless and until each of the following conditions has been satisfied or, to the extent permitted, duly waived in writing pursuant to Section 7.3 hereof.

(a) The Confirmation Date shall have occurred, and the Confirmation Order shall not have been vacated, reversed or stayed.

(b) Each condition to the Closing of the LG&E Energy Transaction, contemplated to be closed on the Effective Date, all as set forth in the Transaction Agreements shall have been satisfied or waived in writing by LG&E Energy or the Debtor (as applicable under and in accordance with the Transaction Agreements), and all agreements and documents required under the Transaction Agreements shall be in form and substance satisfactory to each of the parties thereto and shall have been executed and delivered.

(c) The Proposed Rates shall have been approved by the KPSC and the order(s) of the KPSC approving the Proposed Rates shall not have been vacated, reversed or stayed.

(d) The Replacement Letters of Credit shall have been tendered to and accepted by the 1983 Bond Trustee and the 1985 Bond Trustee.

(e) Any condition to confirmation described in Section 7.1 hereof that is waived by the Debtor as permitted by Section 7.3 hereof, and that, at the time of such waiver, the Debtor elects to have become a condition to the effectiveness of the Plan, shall have been satisfied or, if waivable, waived.

(f) There shall be no outstanding obligations of the Debtor to BNY under the BNY Reimbursement Agreement (as of the Business Day immediately preceding the Effective Date) for reimbursement of any amounts drawn under the BNY Letter of Credit for the payment of principal on the 1983 Bonds or for interest accrued in respect of such amounts drawn for the payment of principal on the 1983 Bonds.

(g) There shall be no outstanding obligations of the Debtor to Chase under the Chase Reimbursement Agreement (as of the Business Day immediately preceding the Effective Date) for reimbursement of amounts drawn under the Chase Letter of Credit for the payment of principal on the 1985 Bonds or for interest accrued in respect of such amounts drawn for payment of principal on the 1985 Bonds.

(h) The New RUS Agreement shall be in form and substance satisfactory to the RUS.

(i) The Debtor, the Reorganized Debtor, each of the Members, each of the Smelters, the RUS, LG&E Energy and any other Person required shall execute and deliver each and every Schedule 5.4(a) Document. Each of the Schedule 5.4(a) Documents shall be in form and substance satisfactory to each of the Smelters and the parties thereto.

(j) There shall have been an order entered by the Bankruptcy Court, which order shall not have been vacated, reversed or stayed as of the Effective Date, determining that (i) the aggregate amount of all Claims of the PacifiCorp Entities does not exceed \$423,949 or such other amount as may be mutually agreed upon in writing by each of the Debtor, LG&E Energy, the RUS, BNY, Chase, each of the Smelters, and a majority of the Members, (ii) the Debtor has no other obligations to any of the PacifiCorp Entities, whether under the PKEC Transaction Documents or otherwise. and

(iii) none of the PKEC Transaction Documents or any other documents, agreements or alleged agreements between Big Rivers and any of the PacifiCorp Entities shall have any force or effect whatsoever.

(k) With respect to the Green River Coal Claim, either (i) the "Closing Payment Date" (as that term is defined in the settlement agreement by and among Debtor, Green River Coal and others dated as of June 3, 1997) shall have occurred, or (ii) an order shall have been entered by the Bankruptcy Court pursuant to Section 502(b) or 502(c) of the Bankruptcy Code, or by the United States District Court for the Western District of Kentucky, which order shall not have been vacated, reversed or stayed as of the Effective Date, determining or estimating the Green River Coal Claim for purposes of allowance and for purposes of receiving distributions under the Plan.

(l) If the Closing Payment does not occur, then any such order referenced in the immediately preceding paragraph shall not have determined or estimated the Green River Coal Claim in any amount greater than (i) 6,250,000, if the Debtor or Reorganized Debtor is awarded all sums currently being held in escrow in connection with certain litigation between the Debtor and Green River Coal, (ii) \$750,000 if the Debtor or Reorganized Debtor is not awarded all such sums currently being held in escrow, or (iii) such other amount as may be agreed upon by each of the Debtor, LG&E Energy, the RUS, BNY, Chase, each of the Smelters and a majority of the Members.

(m) Each of the foregoing conditions shall have occurred on or prior to September 1, 1999.

7.3 Waivability of Conditions. Each of the conditions set forth in Sections 7.1 and 7.2 hereof may be waived in whole or in part by the Debtor or the Reorganized Debtor (as applicable) at any time in its sole respective discretion, provided that (a) the condition referenced in Section 7.1(b) hereof cannot be waived by the Debtor, unless it is also waived by the RUS, (b) the condition referenced in Section 7.1(c) hereof cannot be waived by the Debtor unless it is also waived by LG&E Energy, (c) the conditions referenced in Section 7.1(d) hereof cannot be waived by the Debtor unless they are also waived by each of the RUS, BNY and Chase, (d) the condition referenced in 7.1(h) hereof cannot be waived by the Debtor unless it is also waived by the RUS and CoBank, ACB, (e) the condition referenced in 7.1(i) hereof cannot be waived by the Debtor unless it is also waived by the RUS, (f) the condition referenced in Section 7.2(c) hereof cannot be waived by the Debtor, unless it is also waived by the RUS, Smelters and a majority of the Members; (g) the conditions referenced in Section 7.2(b) hereof cannot be waived by the Debtor unless they are also waived by LG&E Energy, (h) the condition referenced in Section 7.2(d) hereof cannot be waived by the Debtor unless it is also waived by each of the RUS, BNY and Chase, (i) the condition referenced in Section 7.2(f) hereof cannot be waived by the Debtor unless it is also waived by BNY, (j) the condition referenced in Section 7.2(g) hereof cannot be waived by the Debtor unless it is also waived by Chase, (k) the condition referenced in Section 7.2(h) hereof cannot be waived by the Debtor unless it is also waived by the RUS, (l) the conditions referenced in Section 7.2(i) hereof cannot be waived by the Debtor unless they are also waived by each of the Smelters, a majority of the Members, the RUS and LG&E Energy, (m) the condition referenced in Section 7.2(k) hereof cannot be waived by

the Debtor unless it is also waived by Green River Coal and its official Committee of Unsecured Creditors, (n) the condition referenced in Section 7.2(m) cannot be waived by the Debtor unless it is also waived by each of the RUS, the Banks, the Smelters, LG&E Energy and a majority of the Members, and (o) in connection with any waiver of any condition in Section 7.1 hereof, the Debtor, with the consent of each Person, if any, whose waiver would be required in accordance with this Section 7.3 with respect to such condition, may elect to have such condition become a condition to the Effective Date.

7.4 **Effect of Vacation of the Confirmation Order.** Subject to Section 8.2(b) hereof, if the Confirmation Order is vacated prior to the Effective Date, the Plan, including the discharge of Claims pursuant to Section 1141 of the Bankruptcy Code, and the assumptions or rejections of Executory Contracts pursuant to Article VI hereof, unless the Plan is modified, supplemented or amended in accordance with the provisions of Chapter 11 of the Bankruptcy Code, Section 9.1 hereof and the Transaction Agreements so that the Confirmation Order is reinstated or a new Confirmation Order is entered, shall be null and void.

7.5 **Failure of Plan to Become Effective.** Subject to Section 8.2(b) hereof, in the event that each of the conditions to the Effective Date set forth in Section 7.2 hereof shall not have been timely satisfied or duly waived in accordance with Section 7.3 of the Plan, the Plan and the Confirmation Order, including the discharge of Claims and all settlements of Claims in connection with the Plan, shall be null and void.

ARTICLE VIII

DISCHARGE, RELEASE, SETTLEMENT AND INJUNCTION

8.1 **Discharge and Release of Claims.**

(a) Except as otherwise expressly provided in the Plan or the Confirmation Order, to the fullest extent permitted by applicable law (including, without limitation, Section 105 of the Bankruptcy Code) and subject to 8.2(b) hereof, the occurrence of the Effective Date shall discharge and release the Debtor, the Reorganized Debtor, and their respective successors and assigns, including LG&E Energy, and the assets or properties of any of the foregoing, as of the Confirmation Date, from any and all Claims, debts, Liens, security interests, encumbrances and interests that arose prior to the Confirmation Date, including, without limitation, any Claim of the kind specified in Section 502(g), 502(h) or 502(i) of the Bankruptcy Code, and any Claim for interest earned or accrued after the Petition Date.

(b) Subject to 8.2(b) hereof, on the Effective Date, except as otherwise expressly contemplated by the Plan and to the fullest extent permitted by applicable law (including, without limitation, Section 105 of the Bankruptcy Code), each holder (and trustees and agents on behalf of each holder) of a Claim or interest, in consideration of the obligations of the Debtor and the Reorganized Debtor under the Plan, the obligations of LG&E Energy under the Transaction

Agreements and the obligations of the RUS under the Plan, shall be deemed to have forever waived, released and discharged the Debtor, the Reorganized Debtor, LG&E Energy, the RUS, the Creditors' Committee, each member of the Creditors' Committee, and each of their respective present and former officers, directors, agents, advisors, Professionals, attorneys, accountants and financial advisors (except for Mr. William Thorpe and KPMG Peat Marwick who are not hereby released) from any and all rights, claims and liabilities arising prior to the Effective Date, out of or relating to such Claim or interest of any such holder or otherwise relating to the business or activities of the Debtor, the Reorganized Debtor or LG&E Energy or the LG&E Energy Transaction, except as otherwise set forth herein or in the Transaction Agreements. Persons deemed to have released Claims pursuant to this Section 8.1(b) shall be forever precluded from asserting any such Claims against any released Person.

(c) Nothing contained in the Plan or the Confirmation Order shall be construed as discharging, releasing or relieving the Debtor, the Reorganized Debtor, or any other party, in any capacity, from any liability with respect to the retirement plans of the Debtor to which such party is subject under any law or regulatory provision. Notwithstanding the foregoing, nothing contained in the Plan shall preclude the Reorganized Debtor from exercising its right to amend, modify or terminate the retirement plans of the Debtor following the Effective Date, in accordance with then existing provisions of applicable law.

8.2 Injunction in Aid of Discharge.

(a) Except as otherwise expressly provided in the Plan or the Confirmation Order, to the fullest extent permitted by applicable law (including, without limitation, Section 105 of the Bankruptcy Code), subject to the occurrence of the Effective Date and subject to 8.2(b) hereof, as of the Confirmation Date, all Creditors or other Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or released pursuant to the Plan shall be permanently barred and enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities, other than actions brought to enforce any rights or obligations under the Plan: (i) commencing or continuing in any manner any action or other proceeding against the Debtor, the Reorganized Debtor or their respective successors and assigns, including LG&E Energy or the assets and properties of any of the foregoing; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor, the Reorganized Debtor or their respective successors and assigns, including LG&E Energy, or the assets and properties of any of the foregoing; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtor, the Reorganized Debtor or their respective successors and assigns, including LG&E Energy or the assets and properties of any of the foregoing; (iv) asserting a setoff, right of subrogation, contribution, indemnification or recoupment of any kind against any claim, debt, liability or obligation due to the Debtor, the Reorganized Debtor or their respective successors and assigns, including LG&E Energy, or the assets and properties of any of the foregoing; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

(b) Notwithstanding any other provision of the Plan to the contrary, the Debtor or the Reorganized Debtor, as applicable, on the one hand, and LG&E Energy, on the other, shall have the right to enforce the rights granted to them (and the obligations of the other of them) under the Transaction Agreements. The Plan is not intended, nor shall it be construed, to relieve, release, extinguish or impair any obligation, liability, responsibility or duty of the Debtor or the Reorganized Debtor, on the one hand, and LG&E Energy, on the other, to each other under or pursuant to any Transaction Agreement or any other agreement as to which the Debtor, the Reorganized Debtor and LG&E Energy are parties and which shall continue to be performed in accordance with their respective terms (as the same may be amended by mutual consent by the parties thereto).

8.3 Exculpation of Liability. Subject to 8.2(b) hereof, the Debtor, the Reorganized Debtor, their affiliates and their respective directors, officers, employees, agents, representatives, Professionals, attorneys, accountants and financial advisors (acting in such capacity); the Creditors' Committee, its members; the RUS; LG&E Energy, its affiliates and their respective directors, officers, employees, representatives, attorneys, accountants and financial advisors (acting in such capacity) and the heirs, executors, administrators, successors and assigns of each of the foregoing, shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in good faith prior to the Effective Date in connection with or related to the formulation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement, the Transaction Agreements, the LG&E Energy Transaction, or any contract, instrument, release or other agreement or document created or entered into, or any other act taken or omitted to be taken prior to the Effective Date, in connection with the Plan or the Reorganization Case, including, without limitation, any pleadings filed with, or actions taken in, the Bankruptcy Court in connection with the formulation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement, the Transaction Agreements, or the LG&E Energy Transaction; provided, however, that the foregoing provisions of this Section 8.3 shall have no effect on the liability of any Person that would otherwise result from any such act or omission to the extent that such act or omission is determined by a Final Order to have constituted gross negligence or willful misconduct.

8.4 No Successor Liability. The LG&E Energy Transaction shall constitute a use, sale or lease of property pursuant to Section 363(b) and (f) of the Bankruptcy Code free and clear of any lien, Claim or encumbrance except as specifically provided in the Plan, and LG&E Energy, its affiliates and their respective directors, officers, employees, representatives, professionals, attorneys, accountants and financial advisors (acting in such capacity) shall be entitled to the benefits of Section 363(m) of the Bankruptcy Code as "good faith purchasers." Neither LG&E Energy, any of its affiliates, nor any of the Persons listed in the preceding sentence shall, by virtue of any such Person's purchase, possession, control or operation of the assets described in or transferred or assigned pursuant to the Transaction Agreements, be or become liable for any obligations or indebtedness of the Debtor or the Reorganized Debtor or for the claims of any Creditor or any other Person under the laws of the United States or any state, territory or possession thereof based, in whole or in part and directly or indirectly, on any theory of successor or transferee liability. All assets transferred to LG&E Energy or any of its affiliates pursuant to the LG&E Energy Transaction

shall be free and clear of all liens, Claims and encumbrances except as specifically provided in the Plan, and neither LG&E Energy, any of its affiliates nor any of the Persons listed in the first sentence of this Section 8.4 is a successor to the Debtor or liable for any claims against the Debtor except as expressly provided in the Plan or assumed by LG&E Energy or any of its affiliates pursuant to the Transaction Agreements.

ARTICLE IX

AMENDMENT, REVOCATION AND SEVERABILITY

9.1 Amendment or Revocation of the Plan. The Debtor reserves the right, in its sole discretion, to: (a) revoke or withdraw the Plan, in whole or in part, prior to confirmation of the Plan, and (b) alter, amend, modify, or supplement the Plan subject to any applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, prior to the substantial consummation of the Plan; provided, however, that, notwithstanding the foregoing, subject to the Participation Agreement being satisfactory in form and substance to the Debtor and LG&E Energy, the Debtor shall not revoke, withdraw, alter, amend, modify or supplement the Plan in the absence of the prior written consent of LG&E Energy unless otherwise provided in any executed and effective agreement by and between LG&E Energy and the Debtor; provided, further, however, that, notwithstanding the foregoing, the Plan shall not be amended or modified in any respect that (i) alters or modifies the express terms and conditions of any Transaction Agreement absent the prior written consent of each of the Debtor and LG&E Energy, or (ii) alters or modifies the express terms and conditions of any Schedule 5.4(a) Document absent the prior written consent of the Debtor, each of the Smelters and any of the parties thereto. Subject to 8.2(b) hereof, if the Debtor revokes or withdraws the Plan, or if confirmation does not occur, then the Plan shall be null and void ab initio in all respects, and nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any interest in, the Debtor; (b) prejudice in any manner the rights of the Debtor; or (c) constitute an admission against the Debtor.

9.2 Cramdown. The Debtor reserves the right to seek confirmation of the Plan under Section 1129(b) of the Bankruptcy Code over the objection of a dissenting Class of impaired Creditors or interest holders if any such impaired Class does not accept the Plan pursuant to Section 1126 of the Bankruptcy Code.

9.3 Severability of Plan Provisions.

(a) If, prior to the Effective Date, any term, provision or portion of any provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable for any reason, the Bankruptcy Court shall have the power to alter, amend and/or interpret such term, provision or portion of the provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose and intent of the term, provision or portion of the provision held to be invalid, void or unenforceable, and, except as may be determined in the discretion of the Debtor and any other Person directly and materially affected, (i) such term, provision or portion of

the provision will then be applicable and valid as altered, amended or interpreted, or (ii) such term shall be deemed to be deleted from the Plan without affecting the remainder of the terms thereof unless otherwise determined in the discretion of the Bankruptcy Court. Nothing herein shall alter the Debtor's rights as set forth in Section 9.1.

(b) Notwithstanding any such holding, alteration, amendment or interpretation, except as may be determined in the discretion of the Debtor or the Reorganized Debtor (as applicable) and any other Person directly and materially affected, (i) the remainder of the terms, provisions and portions of the provisions of the Plan shall remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration, amendment or interpretation, and (ii) the Confirmation Order shall constitute a judicial determination that each term, provision and portion of each provision of the Plan, as it may have been altered, amended or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms. Nothing herein shall alter the Debtor's rights as set forth in Section 9.1.

(c) Should any term, provision or portion of a provision in the Plan be determined to be invalid or unenforceable following the Effective Date, except as may be determined in the discretion of the Debtor or the Reorganized Debtor (as applicable) and any other Person directly and materially affected, such determination shall in no way limit or affect the enforceability and operative effect of any and all of the remaining terms, provisions or portions of any provisions of the Plan unless the unenforceability of such term, provision or portion of the provision materially alters the rights and obligations created by the Plan. Nothing herein shall alter the Debtor's rights as set forth in Section 9.1.

9.4 Controlling Documents.

(a) In the event of any conflict or inconsistency between the terms of the Plan, the Confirmation Order, the Disclosure Statement, any Transaction Agreement or any other related instrument, document or agreement, the terms of the Transaction Agreements shall control issues specifically dealt with therein; otherwise, the terms of the Confirmation Order shall control; provided, however, that if the terms of the Plan or the Confirmation Order (i) do not expressly resolve the issue under consideration, or (ii) are ambiguous with regard to such issue, the Reorganized Debtor or the LG&E Energy, on notice to one another, the RUS, the Office of the U.S. Trustee, each of the Smelters, each of the Members, each of the Banks and each entity that has filed and served a notice of appearance with the Bankruptcy Court after the Confirmation Date, may seek such relief from the Bankruptcy Court as may be necessary.

(b) In the event of any conflict or inconsistency between the terms of the Plan, the Confirmation Order, the Disclosure Statement and any New RUS Loan Document, the terms of the New RUS Loan Documents shall control issues specifically dealt with therein; otherwise, the terms of the Confirmation Order shall control; provided, however, that if the terms of the Plan or Confirmation Order (i) do not expressly resolve the issue under consideration, or (ii) are ambiguous with regard to such issue, the Reorganized Debtor or the RUS, on notice to one another, LG&E

Energy, the Office of the U.S. Trustee, each of the Smelters, each of the Members, each of the Banks and each entity that has filed and served a notice of appearance with the Bankruptcy Court after the Confirmation Date, may seek such relief from the Bankruptcy Court as may be necessary.

(c) In the event of any conflict or inconsistency between the terms of the Plan, the Confirmation Order, the Disclosure Statement and any Schedule 5.4(a) Document, the terms of the Schedule 5.4(a) Documents shall control issues specifically dealt with therein; otherwise, the terms of the Confirmation Order shall control; provided, however, that if the terms of the Plan or Confirmation Order (i) do not expressly resolve the issue under consideration, or (ii) are ambiguous with regard to such issue, the Reorganized Debtor or the Smelters, on notice to one another, LG&E Energy, the Office of the U.S. Trustee, the RUS, each of the Members, each of the Banks and each entity that has filed and served a notice of appearance with the Bankruptcy Court after the Confirmation Date, may seek such relief from the Bankruptcy Court as may be necessary.

ARTICLE X

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain such jurisdiction over the Reorganization Case after the Effective Date as is legally permissible, including, without limitation, jurisdiction to:

(a) Allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims (including any Administrative Claim and any Tax Claim);

(b) Grant or deny any application for allowance of compensation or reimbursement of expenses and other fees and expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

(c) Resolve or determine any matters related to the assumption, assignment or rejection of any Executory Contract to which the Debtor is a party, or with respect to which the Debtor may be liable, including, if necessary, approving the assignment of Selected Contracts to LG&E Energy, and to hear, determine and, if necessary, allow any Claim arising therefrom;

(d) Resolve any determinations which may be requested by the Debtor or the Reorganized Debtor of unpaid or potential tax liability or any matters relating thereto under Sections 505 and 1146(d) of the Bankruptcy Code, including tax liability or such related matters for any taxable year or portion thereof ending on or before the Effective Date;

(e) Resolve any issues relating to distributions to holders of Allowed Claims pursuant to the provisions of the Plan, including the assertion of setoff rights by or against the Debtor or the Reorganized Debtor;

(f) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications that may be pending on or commenced after the Effective Date, that arise in or relate to the Reorganization Case or the Plan;

(g) Enter such orders as may be necessary or appropriate to implement or to consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with or referred to in the Plan or the Disclosure Statement;

(h) Resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan or any obligations of any Person under or in connection with the Plan, except that such retention of jurisdiction shall not apply to any cases, controversies, suits or disputes that may arise in connection with KPSC or FERC regulatory matters;

(i) Modify the Plan before, on or after the Effective Date pursuant to Section 1127 of the Bankruptcy Code or modify the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan or the Disclosure Statement, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan or the Disclosure Statement, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

(j) Determine all questions and disputes regarding title to the Assets to be administered pursuant to the Plan, and the determination of all causes of actions, controversies, disputes or conflicts subject to an action pending as of the Confirmation Date between a representative of the estate and any other party;

(k) Enter any order, including any injunction, necessary to enforce the title, rights and powers of the Debtor or the Reorganized Debtor and to impose such limitations, restrictions and terms and conditions of such title, rights and powers as the Bankruptcy Court may deem necessary;

(l) Consider and to act on the compromise and settlement of any Claim against or cause of action by or against the estate;

(m) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of the Plan;

(n) Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated, and such orders as may be necessary or appropriate between the Confirmation Date and the Effective Date;

(o) Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, any Claim or any contract, instrument, release or other Agreement or document created in connection with the Plan or the Disclosure Statement, except as otherwise provided herein; and

(p) Enter a final decree closing the Reorganization Case.

ARTICLE XI

MISCELLANEOUS PROVISIONS

11.1 Rules of Interpretation. For purposes of the Plan: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, shall include both the singular and the plural; (b) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to a document or exhibit filed or to be filed means such document or exhibit, as it may have been or may be amended, modified or supplemented; (d) unless otherwise specified, all references in the Plan to sections, articles, schedules and exhibits are references to sections, articles, schedules and exhibits of or to the Plan; (e) all exhibits to the Plan shall be deemed incorporated by reference in the Plan and shall constitute a part of the Plan as if fully set forth herein; and (f) the words "herein" and "hereto" refer to the Plan in its entirety rather than a particular portion of the Plan.

11.2 Computation of Time. In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

11.3 Governing Law. EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE OR BANKRUPTCY RULES ARE APPLICABLE, AND SUBJECT TO THE PROVISIONS OF ANY CONTRACT, INSTRUMENT, RELEASE OR OTHER AGREEMENT OR DOCUMENT ENTERED INTO IN CONNECTION WITH THE PLAN, INCLUDING, WITHOUT LIMITATION, THE LG&E TRANSACTION AGREEMENTS, THE RIGHTS AND OBLIGATIONS ARISING UNDER THE PLAN SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF KENTUCKY, OR, IF APPLICABLE, THE LAWS OF THE UNITED STATES OF AMERICA, WITHOUT GIVING EFFECT TO CONFLICTS-OF-LAW PRINCIPLES WHICH WOULD APPLY THE LAW OF A JURISDICTION OTHER THAN THE COMMONWEALTH OF KENTUCKY.

11.4 Dissolution of the Creditors' Committee. The Creditors' Committee may continue in existence until the Confirmation Date. Upon the Confirmation Date, (a) the Creditors' Committee shall be and shall be deemed to be dissolved, and (b) no fees or expenses relating in any way to service on or in connection with the Creditors' Committee any time after the Confirmation Date shall be allowed or paid. The members of the Creditors' Committee are entitled to seek reimbursement of out-of-pocket expenses for expenses incurred in connection with any applications for reimbursement of expenses pending on the Confirmation Date or filed and served after the Confirmation Date pursuant to Section 5.14 hereof. Upon the Confirmation Date, the members of the Creditors' Committee shall be released and discharged from all rights and duties arising from or related to the Reorganization Case.

11.5 Post-Confirmation Effect of Evidence of Claims and Interests. Except as otherwise provided in the Plan, effective upon the Effective Date, all evidence of Claims or interests shall represent only the right to participate in the distributions, if any, contemplated by the Plan.

11.6 No Attorneys' Fees. No attorneys' fees will be paid with respect to any Claim or interest except as specified herein.

11.7 Headings. The headings of the Articles, Sections and paragraphs of the Plan are inserted for convenience only and shall not affect the interpretation of the Plan.

11.8 Service. Any pleading, notice or other document required by the Plan to be served on or delivered to the Debtor or the Reorganized Debtor shall be in writing and served either by (a) facsimile, (b) certified mail, return receipt requested, postage prepaid, (c) hand delivery, or (d) reputable overnight delivery service, freight prepaid, to be addressed as follows:

Big Rivers Electric Corporation
Attn: Michael H. Core
201 Third Street
P. O. Box 24
Henderson, KY 42420

with copies to:

Long Aldridge Norman LLP
Attn: Mark S. Kaufman, Esq.
Russell A. Tolley, Esq.
Laura F. Nix, Esq.

One Peachtree Center
Suite 5300
303 Peachtree Street
Atlanta, GA 30308

Sullivan, Mountjoy, Stainback & Miller, P.S.C.
Attn: Michael Fiorella, Esq.
Felicia Turner, Esq.
100 St. Ann Building
P. O. Box 727
Owensboro, KY 42302-0727

with copies to:

LG&E Energy Corp.
Attn: Stephen J. Schaefer
220 West Main Street
Louisville, KY 40202

Dewey Ballantine
Attn: Richard S. Miller, Esq.
1301 Avenue of the Americas
New York, NY 10019-6092

Dewey Ballantine
Attn: Earle H. O'Donnell, Esq.
1775 Pennsylvania Avenue, N.W.
Washington, DC 20006-4605

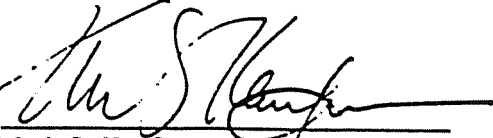
Greenebaum, Doll & McDonald PLLC
Attn: Daniel E. Fisher
John W. Ames
Paul E. Porter
3300 National City Tower
101 South 5th Street
Louisville, KY 40202

11.9 Successors and Assigns. The Plan and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto, all Persons party to, or asserting Claims or interests in, the Reorganization Case, and all Persons named or referred to in the Plan, and their respective successors, assigns, heirs, executors and administrators.

Dated: June 9, 1997

Respectfully submitted:


LONG ALDRIDGE NORMAN LLP

By: 

Mark S. Kaufman
Georgia Bar No. 409194
Russell A. Tolley
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ATTORNEYS FOR BIG RIVERS ELECTRIC CORPORATION

SCHEDULE 1.21

The BNY Credit shall be the difference between (a) \$2,068,965.52 and (b) the amounts actually paid by the Debtor after the Confirmation Date but before the Effective Date in respect of interest on the 1983 Bonds (or drawings under the BNY Letter of Credit to pay interest on the 1983 Bonds), provided that, if such calculation results in a negative number, the BNY Credit shall be deemed to be zero.

SCHEDULE 1.31

The Chase Credit shall be the difference between (a) \$2,931,034.48 and (b) the amounts actually paid by the Debtor after the Confirmation Date but before the Effective Date in respect of interest on the 1985 Bonds (or drawings under the Chase Letter of Credit to pay interest on the 1985 Bonds), provided that, if such calculation results in a negative number, the Chase Credit shall be deemed to be zero.

SCHEDULE 1.11

The amount of the Closing Payment is \$80,537,000.*

*See Section D of the Feasibility Analysis attached as Exhibit C to the Disclosure Statement.

SCHEDULE 1.81

Schedule 1.81 consists of the following pages denominated "ARVP Note Applicable Acceleration Percentage Table."

Schedule 1.81
BIG RIVERS ELECTRIC CORPORATION
 Effective Date: September 1, 1997
ARVP NOTE APPLICABLE ACCELERATION PERCENTAGE TABLE

YEAR	MONTH	ACCELERATION PERCENTAGE
1997	OCTOBER	17.73%
1998	JAN	18.04%
1998	APRIL	18.35%
1998	JULY	18.67%
1998	OCTOBER	18.99%
1999	JAN	19.32%
1999	APRIL	19.65%
1999	JULY	19.99%
1999	OCTOBER	20.33%
2000	JAN	20.69%
2000	APRIL	21.04%
2000	JULY	21.41%
2000	OCTOBER	21.78%
2001	JAN	22.15%
2001	APRIL	22.54%
2001	JULY	22.92%
2001	OCTOBER	23.32%
2002	JAN	23.72%
2002	APRIL	24.13%
2002	JULY	24.55%
2002	OCTOBER	24.97%
2003	JAN	25.41%
2003	APRIL	25.84%
2003	JULY	26.29%
2003	OCTOBER	26.75%
2004	JAN	27.21%
2004	APRIL	27.68%
2004	JULY	28.16%

2004	OCTOBER	28.64%
2005	JAN	29.14%
2005	APRIL	29.64%
2005	JULY	30.15%
2005	OCTOBER	30.67%
2006	JAN	31.20%
2006	APRIL	31.74%
2006	JULY	32.29%
2006	OCTOBER	32.85%
2007	JAN	33.42%
2007	APRIL	33.99%
2007	JULY	34.58%
2007	OCTOBER	35.18%
2008	JAN	35.78%
2008	APRIL	36.40%
2008	JULY	37.03%
2008	OCTOBER	37.67%
2009	JAN	38.32%
2009	APRIL	38.98%
2009	JULY	39.66%
2009	OCTOBER	40.34%
2010	JAN	41.04%
2010	APRIL	41.75%
2010	JULY	42.47%
2010	OCTOBER	43.20%
2011	JAN	43.95%
2011	APRIL	44.71%
2011	JULY	45.48%
2011	OCTOBER	46.27%
2012	JAN	47.07%
2012	APRIL	47.88%
2012	JULY	48.71%
2012	OCTOBER	49.55%
2013	JAN	50.40%
2013	APRIL	51.27%
2013	JULY	52.16%
2013	OCTOBER	53.06%

2014	JAN	53.98%
2014	APRIL	54.91%
2014	JULY	55.86%
2014	OCTOBER	56.82%
2015	JAN	57.81%
2015	APRIL	58.80%
2015	JULY	59.82%
2015	OCTOBER	60.85%
2016	JAN	61.90%
2016	APRIL	62.97%
2016	JULY	64.06%
2016	OCTOBER	65.17%
2017	JAN	66.29%
2017	APRIL	67.44%
2017	JULY	68.61%
2017	OCTOBER	69.79%
2018	JAN	71.00%
2018	APRIL	72.22%
2018	JULY	73.47%
2018	OCTOBER	74.74%
2019	JAN	76.03%
2019	APRIL	77.34%
2019	JULY	78.68%
2019	OCTOBER	80.04%
2020	JAN	81.42%
2020	APRIL	82.83%
2020	JULY	84.26%
2020	OCTOBER	85.71%
2021	JAN	87.20%
2021	APRIL	88.70%
2021	JULY	90.23%
2021	OCTOBER	91.79%
2022	JAN	93.38%
2022	APRIL	94.99%
2022	JULY	96.63%
2022	OCTOBER	98.30%
2022	JAN	100.00%

SCHEDULE 1.84

Schedule 1.84 consists of the following pages denominated "RUS Maximum Debt Balance Schedule." In assessing this Schedule, it is necessary to cross-reference Section D of the Feasibility Analysis attached as Exhibit C to the Disclosure Statement.

BIG RIVERS ELECTRIC CORPORATION

Effective Date:

September 1, 1997

RUS MAXIMUM DEBT BALANCE SCHEDULE

INTEREST

5.772%

YEAR	MONTH	ALLOWED BALANCE
Initial Payment =		
1997	OCTOBER	\$80,537
1997	JAN	\$1,020,628
1998	APRIL	\$1,020,628
1998	JULY	\$1,025,628
1998	OCTOBER	\$1,030,628
1999	JAN	\$1,035,628
1999	APRIL	\$1,040,628
1999	JULY	\$1,039,878
1999	OCTOBER	\$1,039,128
2000	JAN	\$1,038,378
2000	APRIL	\$1,037,628
2000	JULY	\$1,031,878
2000	OCTOBER	\$1,026,128
2001	JAN	\$1,020,378
2001	APRIL	\$1,014,628
2001	JULY	\$1,011,003
2001	OCTOBER	\$1,007,378
2002	JAN	\$1,003,753
2002	APRIL	\$1,000,128
2002	JULY	\$997,691
2002	OCTOBER	\$995,253
2003	JAN	\$992,816
2003	APRIL	\$990,378
2003	JULY	\$989,478
2003	OCTOBER	\$988,578
2004	JAN	\$987,678
2004	APRIL	\$986,778
2004	JULY	\$981,341
2004	OCTOBER	\$975,903
2005	JAN	\$970,466
2005	APRIL	\$965,028
2005	JULY	\$959,091

Schedule 1.84

BIG RIVERS ELECTRIC CORPORATION

Effective Date: September 1, 1997

RUS MAXIMUM DEBT BALANCE SCHEDULE
INTEREST 5.772%

YEAR	MONTH	ALLOWED BALANCE
2005	JULY	\$953,153
2005	OCTOBER	\$947,216
2006	JAN	\$941,278
2006	APRIL	\$934,853
2006	JULY	\$928,428
2006	OCTOBER	\$922,003
2007	JAN	\$915,578
2007	APRIL	\$906,891
2007	JULY	\$898,203
2007	OCTOBER	\$889,516
2008	JAN	\$880,828
2008	APRIL	\$871,641
2008	JULY	\$862,453
2008	OCTOBER	\$853,266
2009	JAN	\$844,078
2009	APRIL	\$834,391
2009	JULY	\$824,703
2009	OCTOBER	\$815,016
2010	JAN	\$805,328
2010	APRIL	\$794,991
2010	JULY	\$784,653
2010	OCTOBER	\$774,316
2011	JAN	\$763,978
2011	APRIL	\$749,441
2011	JULY	\$734,903
2011	OCTOBER	\$720,366
2012	JAN	\$705,828
2012	APRIL	\$690,328
2012	JULY	\$674,828
2012	OCTOBER	\$659,328
2013	JAN	\$643,828
2013	APRIL	\$642,078

Schedule 1.B4

BIG RIVERS ELECTRIC CORPORATION

Effective Date: September 1, 1997

RUS MAXIMUM DEBT BALANCE SCHEDULE

INTEREST 5.772%

YEAR	MONTH	ALLOWED BALANCE
2013	JULY	\$640,328
2013	OCTOBER	\$638,578
2014	JAN	\$636,828
2014	APRIL	\$619,703
2014	JULY	\$602,578
2014	OCTOBER	\$585,453
2015	JAN	\$568,328
2015	APRIL	\$552,203
2015	JULY	\$536,078
2015	OCTOBER	\$519,953
2016	JAN	\$503,828
2016	APRIL	\$483,328
2016	JULY	\$462,828
2016	OCTOBER	\$442,328
2017	JAN	\$421,828
2017	APRIL	\$400,141
2017	JULY	\$378,453
2017	OCTOBER	\$356,766
2018	JAN	\$335,078
2018	APRIL	\$312,328
2018	JULY	\$289,578
2018	OCTOBER	\$266,828
2019	JAN	\$244,078
2019	APRIL	\$220,328
2019	JULY	\$196,578
2019	OCTOBER	\$172,828
2020	JAN	\$149,078
2020	APRIL	\$124,078
2020	JULY	\$99,078
2020	OCTOBER	\$74,078
2021	JAN	\$49,078
2021	APRIL	\$36,809

Schedule 1.84

BIG RIVERS ELECTRIC CORPORATION

Effective Date: September 1, 1997

RUS MAXIMUM DEBT BALANCE SCHEDULE

INTEREST 5.772%

YEAR	MONTH	ALLOWED BALANCE
2021	JULY	\$24,539
2021	OCTOBER	\$12,270
2022	JAN	\$0
2022	APRIL	\$0
2022	JULY	\$0
2022	OCTOBER	\$0
2023	JAN	\$0

SCHEDULE 5.1(b)(15)(i)

Dismissal of Claims Against Smelters and Related Parties

1. Big Rivers Electric Corporation, Henderson Union Electric Cooperative Corporation, and Green River Electric Corporation v. NSA, Inc., Southwire Company, Alcan Aluminum Corporation, and The Public Service Commission of the Commonwealth of Kentucky, Franklin Circuit Court, No. 94-CI-00584.
2. Big Rivers Electric Corporation v. NSA, Inc., Southwire Company, Alcan Aluminum Corporation, and Public Service Commission of the Commonwealth of Kentucky, Franklin Circuit Court, No. 95-CI-00299.
3. Big Rivers Electric Corporation v. NSA, Inc., Southwire Company, Alcan Aluminum Corporation, and Kentucky Industrial Utility Customers, Henderson Circuit Court, No. 95-CI-00495.
4. Costain Matter, Case No. 96-215 pending before the KPSC.

SCHEDULE 5.1(b)(15)(ii)

Dismissal of Claims Held by Smelters

1. NSA, Inc. and Southwire Company v. Big Rivers Electric Corporation, Green River Electric Corporation, Henderson Union Electric Cooperative Corporation, and Alcan Aluminum Corporation, Hancock Circuit Court, No. 94-CI-014.
2. Big Rivers Electric Corporation, Henderson Union Electric Cooperative Corporation, and Green River Electric Corporation v. NSA, Inc., Southwire Company, Alcan Aluminum Corporation, and The Public Service Commission of the Commonwealth of Kentucky, Franklin Circuit Court, No. 94-CI-00584.
3. NSA, Inc., suing derivatively on behalf of Green River Electric Corporation and Big Rivers Electric Corporation, and Alcan Aluminum Corporation, suing derivatively on behalf of Henderson Union Electric Cooperative Corporation and Big Rivers Electric Corporation v. Marion Cecil, Edward F. Johnson, Sandra Wood, William Briscoe, Morton Henshaw, C.G. Truitt, Johnny L. Hamm, Ralph Hardin, John B. Myers, John C. Burnett, J.D. Cooper, Joseph A. Hamilton, Big Rivers Electric Corporation, Green River Electric Corporation, and Henderson Union Electric Cooperative Corporation, Henderson Circuit Court, No. 95-CI-00040.
4. NSA, Inc., suing derivatively on behalf of Green River Electric Corporation, and Alcan Aluminum Corporation, suing derivatively on behalf of Henderson Union Electric Cooperative Corporation v. Marion Cecil, Edward F. Johnson, Sandra Wood, William Briscoe, Morton Henshaw, Johnny L. Hamm, Ralph Hardin, John B. Myers, John C. Burnett, J.D. Cooper, Joseph A. Hamilton, and Big Rivers Electric Corporation, Henderson Circuit Court, No. 95-CI-00404.
5. Big Rivers Electric Corporation v. NSA, Inc., Southwire Company, Alcan Aluminum Corporation, and Kentucky Industrial Utility Customers, Henderson Circuit Court, No. 95-CI-00495.
6. Big Rivers Electric Corporation, et al. v. William H. Thorpe, et al., United States District Court, Western District of Kentucky, Owensboro Division, No. 93-CV-0110-0(C), consolidated with Big Rivers Electric Corporation v. Green River Coal Co., Inc., et al., No. 95-CV-0107-0(C).

7. Big Rivers Electric Corporation, et al. v. Costain Coal, Inc., Jim R. Smith, and William H. Thorpe, Union Circuit Court, Civil Action No. 94-CI-012, consolidated with Big Rivers Electric Corporation v. Jim Smith Contracting Company, Inc., Union Circuit Court, No. 94-CI-00173.
8. Kentucky Industrial Utility Customers, Inc., NSA, Inc., Alcan Aluminum Corporation, and Commonwealth Aluminum Corporation v. Public Service Commission of Kentucky, Big Rivers Electric Corporation, Attorney General of the Commonwealth of Kentucky, by and through his Utility and Rate Intervention Division, Franklin Circuit Court, Division II, No. 97-CI-00630 (95-011).
9. An Examination by the Public Service Commission of the Application of The Fuel Adjustment Clause of Big Rivers Electric Corporation From November 1, 1994 to October 31, 1996, Case No. 96-521.
10. Kentucky Industrial Utility Customers, Inc., NSA, Inc., Alcan Aluminum Corporation, and Commonwealth Aluminum Corporation v. Public Service Commission of Kentucky, Big Rivers Electric Corporation, Attorney General of the Commonwealth of Kentucky, by and through his Utility and Rate Intervention Division, Willamette Industries, Green Rivers Electric Corporation, Henderson Union Electric Cooperative Corporation, Meade County Rural Electric Cooperative Corporation, Prestige Coal Company, and Kentucky Association of Electric Cooperatives, Franklin Circuit Court, No. 97-CI-00407 (94-453).
11. Big Rivers Electric Corporation v. Public Service Commission of Kentucky, Kentucky Utility Customers, Inc., Attorney General of the Commonwealth of Kentucky, by and through his Utility and Rate Intervention Division, NSA, Inc., Alcan Aluminum Corporation and Commonwealth Aluminum Corporation, Franklin Circuit Court, Division I, No. 96-CI-00603 and Kentucky Industrial Utility Customers, Inc., NSA, Inc., and Alcan Aluminum Corporation v. Public Service Commission of Kentucky, Franklin Circuit Court, Division I, No. 96-CI-00584 (94-458).
12. Big Rivers Electric Corporation v. Public Service Commission of Kentucky, Kentucky Utility Customers, Inc., NSA, Inc., Alcan Aluminum Corporation and Commonwealth Aluminum Corporation, and Attorney General of the Commonwealth of Kentucky, Franklin Circuit Court Division I, No. 96-CI-01039 (94-458-A).
13. Big Rivers Electric Corporation v. Public Service Commission of Kentucky, Kentucky Utility Customers, Inc., Attorney General of the

Commonwealth of Kentucky by and through his Utility and Rate Intervention Division, NSA, Inc., Alcan Aluminum Corporation and Commonwealth Aluminum Corporation, Franklin Circuit Court, Division II, No. 96-CI-01124 (94-458-B).

14. Big Rivers Electric Corporation v. Public Service Commission of Kentucky, Kentucky Utility Customers, Inc., Attorney General of the Commonwealth of Kentucky, NSA, Inc., Alcan Aluminum Corporation and Commonwealth Aluminum Corporation, Franklin Circuit Court, No. 96-CI-01604 (94-458-C).

SCHEDULE 5.3(a)

SMELTER TARIFF:

Maximum Demand (MW):	NSA	ALCAN
Tier 1 + 2 During Contract Term	339.0	233.0
Tier 1 Closing - 12/31/2002	129.5	98.0
Tier 1 After 12/31/2002	48.0	48.5

NOTE: Load and tariff for NSA includes the Rod & Cable mill.

RATE PER KWH - TIER 1 NSA ALCAN

	Closing through 12/31/2002	Closing through 12/31/2002	
Rate per kWh	\$0.03070	\$0.03070	\$ per kWh (<i>Delivered to Distribution Cooperatives</i>)
Each kWh each month up to	92,644,300	70,109,200	kWh per month

	1/1/2003 - 12/31/2010	1/1/2003 - 12/31/2011	
Rate per kWh	\$0.03070	\$0.03070	\$ per kWh (<i>Delivered to Distribution Cooperatives</i>)
Each kWh each month up to	34,339,200 *	34,696,900	kWh per month

NOTE: Tier 1 is a Take-or-Pay obligation of the Smelters, provided, however, that the Smelters will pay \$0.0307** per kWh for Tier 1 energy that the Smelters take and will pay \$0.0135 for Tier 1 energy that the Smelters do not take. Smelters shall have the right to sell the energy not taken for their own account. Tariff would not include a fuel adjustment or environmental adjustment clause.

* If Southwire commits to construct a fifth potline and agrees to a 15-year take-or-pay commitment for the new potline of 85 MW at \$0.98 kW/month for Tier 3 firm point-to-point transmission service, beginning on the date the potline is energized, then Big Rivers will lower the Tier 1 kWh for the period 1/1/2003 - 12/31/2010 to 26,469,800 kWh (replacing the 34,339,200 kWh shown above.) For the period from January 1, 2007, the Tier 3 firm point-to-point rate shall be fixed at \$1.02 kW/month.

** Rate delivered to Distribution Cooperatives: does not include Distribution Cooperative fee.

SMELTER TARIFF:

RATE PER KWH - TIER 2 NSA ALCAN

kWh above Tier 1 each month up to:

	12/31/2010	12/31/2011	
	242,520,600	166,688,200	kWh per month

Rate per kWh:

1997	\$0.02098	\$0.02098	\$ per kWh (Delivered to Distribution Cooperatives)
1998	\$0.02098	\$0.02098	\$ per kWh (Delivered to Distribution Cooperatives)
1999	\$0.02098	\$0.02098	\$ per kWh (Delivered to Distribution Cooperatives)
2000	\$0.02098	\$0.02098	\$ per kWh (Delivered to Distribution Cooperatives)
2001	\$0.02119	\$0.02119	\$ per kWh (Delivered to Distribution Cooperatives)
2002	\$0.02129	\$0.02129	\$ per kWh (Delivered to Distribution Cooperatives)
2003	\$0.02179	\$0.02179	\$ per kWh (Delivered to Distribution Cooperatives)
2004	\$0.02190	\$0.02190	\$ per kWh (Delivered to Distribution Cooperatives)
2005	\$0.02201	\$0.02201	\$ per kWh (Delivered to Distribution Cooperatives)
2006	\$0.02223	\$0.02223	\$ per kWh (Delivered to Distribution Cooperatives)
2007	\$0.02262	\$0.02262	\$ per kWh (Delivered to Distribution Cooperatives)

2008	\$0.02294	\$0.02294	\$ per kWh (Delivered to Distribution Cooperatives)
2009	\$0.02327	\$0.02327	\$ per kWh (Delivered to Distribution Cooperatives)
2010	\$0.02360	\$0.02360	\$ per kWh (Delivered to Distribution Cooperatives)
2011	\$	\$0.02291	\$ per kWh (Delivered to Distribution Cooperatives)

NOTE: Rates for Tier 1 and 2 are for firm (non-interruptible) capacity, energy and transmission. Rates for Tier 1 and 2 include all ancillary services and are not subject to change for any reason over the life of the contract. Tariff would not include a fuel adjustment or environmental adjustment clause. A Distribution Cooperative fee would have to be added to the Tier 1 and 2 rates.

SMELTER TARIFF:

RATE PER KWH - TIER 3

NSA

ALCAN

kWh above the sum of Tier 1 plus Tier 2 each month:

Tier 1 & 2 sum	242,520,600	166,688,200	kWh per month
Rate per kWh: Closing through 12/31/2000	\$0.01958**	\$0.01958**	\$ per kWh
After 12/31/2000	The actual cost of purchases made for the account of each smelter.		

NOTE: While the Tier 3 rates during the Initial Period include line losses imputed at 2%, future rates after 12/31/2000 from Big Rivers do not include line losses, and instead the Smelters will be responsible for arranging for the supply of their line losses from a separate supplier at the then effective average system loss level unless it is determined by applicable regulatory proceeding that a different loss level is applicable to the smelters. The total amount charged for Tier 3 power during the Initial Period shall be the above agreed upon rate of \$0.01958 per kWh, plus a fixed point-to-point transmission charge of \$0.98 per kW per month, plus the respective Distribution Cooperative fee. After 12/31/2000, Tier 3 volumes will be structured as buy-sell tariffs approved by the PSC between the Smelters and the Distribution Cooperatives under which the Distribution Cooperatives will act as purchasing agents for the Smelters pursuant to RFP's issued to third party market suppliers. Under separate contracts between Big Rivers and the Distribution Cooperatives, the Distribution Cooperatives will agree to purchase Tier 3 volumes through Big Rivers provided that Big Rivers will flow through to the Distribution Cooperatives only the cost of the power (including any transmission services necessary to transmit that power to Big Rivers' transmission system) plus a charge for transmission service taken under Big Rivers' Open Access Transmission Tariff. Although the Distribution Cooperatives on behalf of the Smelters shall be entitled to reserve any type of transmission service available on Big Rivers' system, Big Rivers offers the Distribution Cooperatives on behalf of the Smelters a fixed firm point-to-point transmission charge. This fixed charge for firm point-to-point transmission service is \$0.98 per kW per month of reserved transmission capacity for the period from the Effective Date through 12/31/2006, and thereafter this rate is fixed at \$1.02 per kW per month of reserved transmission capacity. After the Initial Period, the Smelters shall be responsible for obtaining all required generation-based ancillary services required by the FERC and may purchase such services from Big Rivers, a third party supplier, or LG&E. In the event that Big Rivers does not perform its obligations under this contract with the Distribution Cooperatives, then the Distribution Cooperatives will be permitted to contract directly with the market supplier selected by the Smelters to fulfill the Tier 3 requirements. Big Rivers and the Smelters agree that there shall be no stranded investment cost or exit fees for Alcan or for Southwire at the end of the term of each of the respective new contracts. Similarly, Big Rivers shall be under no obligation to provide power to Henderson Union or Green River Electric for service to Alcan or Southwire beyond the end of the term of each of the respective new

contracts (but would continue to be available to provide transmission services under its transmission tariffs).

** Rate delivered to Distribution Cooperatives; does not include Distribution Cooperative fee.

LARGE INDUSTRIAL CUSTOMER TARIFF:

Available to Big Rivers' Member Cooperatives for all Large Industrial Customers (those customers having Peak Demands of at least 1 MW) served by Big Rivers' Member Cooperatives that enter into contracts of at least five years in length.

BREC FIRM SALE (BASE INDUSTRIAL CONTRACT DEMAND RATES)

Available for all kWh cumulatively taken each month by Large Industrial Customers up to the amount of kWh associated with the Base Industrial Contract Demand at a contractually established load factor of at least 70%:

Demand Charge \$7.37 per kW per month of the Base Industrial Contract Demand

Energy Charge 50.02040 per kWh (Delivered to Distribution Cooperative)

NOTE: The BREC Firm Sale is a Take-or-Pay obligation with a minimum demand component and a minimum energy component. The BREC Firm Sale is established separately for each large industrial customer and requires that customer to establish a Base Industrial Contract Demand in kW (the minimum demand component) which must be at least 75% of the designated Peak Contract Demand in kW of that customer. The BREC Firm Sale Energy Rates apply to the amount of kilowatt hours associated with the established Base Industrial Contract Demand at a contractually specified load factor of at least 70%, and this amount of kWh constitutes the minimum energy component for the take-or-pay obligation. Big Rivers, its Distribution Cooperative Supplier, and each Large Industrial Customer must agree to a stated Peak Contract Demand, a stated Base Industrial Contract Demand, and a stated minimum load factor of at least 70% prior to taking service under this tariff, and these amounts are subject to change only upon agreement of all of the Parties. The BREC Firm Sale Rates include all ancillary services and transmission and constitute a bundled rate from Big Rivers to the Distribution Cooperative. The BREC Firm Sale Rate does not include the applicable Distribution Cooperative fee. This tariff does not include a fuel adjustment or environmental adjustment clause.

PEAK CONTRACT DEMAND RATES

Available for all monthly metered cumulative kWh taken above the amount of kWh associated with the Base Industrial Contract Demand at the specified contractual load factor of at least 70% and below the amount of kWh associated with the Peak Contract

Demand at a 100% load factor, with an hourly upper limit of the kWh associated with Peak Contract Demand at a 100% load factor:

Rate per kWh:

Closing through 12/31/2000 \$0.01958 (\$ per kWh) (Delivered to Distribution Cooperatives)

After 12/31/2000 The actual cost of purchases made for the account of the Large Industrial Customer.

NOTE: No Demand Charge is associated with Peak Contract Demand power provided actual peak demand does not exceed the contractually established Peak Contract Demand. During the Initial Period, the rate for Peak Contract Demand power shall be the above rate of \$0.01958 per kWh, plus a transmission rate of \$0.98 per kW per month, plus the respective Distribution Cooperative fee. This rate includes losses imputed at 2% and covers all ancillary services for this power. Customer contracts shall incorporate these terms except to the extent otherwise provided by special contract. Peak Contract Demand rates after 12/31/2000 are established in the form of buy/sell tariffs approved by the PSC between Big Rivers and the Distribution Cooperatives under which the Distribution Cooperatives will act as purchasing agents for their large industrial customers, aggregating their loads. Under separate contracts between Big Rivers and the Distribution Cooperatives, the Distribution Cooperatives will purchase this Peak Contract Demand power from Big Rivers, with Big Rivers flowing through to the Distribution Cooperatives only the cost of the power (including any transmission and ancillary services necessary to transmit that power to Big Rivers' transmission system) plus a charge for the actual transmission service taken under Big Rivers' Open Access Transmission Tariff. The Distribution Cooperatives will be entitled to reserve any type of transmission service available on Big Rivers' system in order to transmit this power to their delivery points, with the transmission charge being based on the type of transmission service taken. The Distribution Cooperatives shall be responsible for arranging for the supply of average system losses associated with the volumes of Peak Contract Demand power taken and also shall be responsible for obtaining all generation-based ancillary services required by the FERC to be purchased by transmission customers serving load in a transmission provider's control area. The Distribution Cooperatives may purchase these generation-based ancillary services from Big Rivers, a third-party supplier, or LG&E. The Distribution Cooperative fee is not included in these costs and will be separately charged by the Distribution Cooperative.

LARGE INDUSTRIAL CUSTOMER TARIFF:

EXCESS DEMAND RATES

Applied to all kWh associated with Excess Demand (demand in excess of Peak Contract Demand) taken at a 70% load factor:

Demand Charge:		
Closing Through 12/31/2000	\$7.37 per kW per month	
After 12/31/2000	The greater of \$7.37 per kilowatt per month or 110% of the actual costs associated with the purchase of such power by Big Rivers.	
Energy Charge:		
Closing Through 12/31/2000	\$0.02040 (\$ per kWh) (Delivered to the Distribution Cooperatives)	
After 12/31/2000	The greater of \$0.02040 per kWh or 110% of the actual costs associated with the purchase of such power by Big Rivers.	

NOTE: Where Excess Demand is taken above the established Peak Contract Demand, Big Rivers will supply this power to the Large Industrial Customer at the greater of the combined established Demand and Energy Charges above or at 110% of Big Rivers' actual costs in obtaining this power on the market, including any transmission charges. No ancillary services charges or transmission charges will apply to this power, except to the extent Big Rivers incurs such costs in obtaining these supplies on the market. Customer contracts shall incorporate these terms except to the extent otherwise provided by special contract. These rates do not include the applicable Distribution Cooperative fee. The kWh associated with Excess Demand taken at a load factor of greater than 70% will be charged on the same basis as kWh associated with Peak Contract Demand (i.e., on a market basis plus transmission and ancillary services).

RURAL CUSTOMER TARIFF:

Demand Charge: \$7.37 per kW per month
Energy Charge: \$0.02040 per kWh (Delivered to Distribution Cooperatives)

NOTE: The rural customer rate is available to Big Rivers' distribution cooperatives for service commencing upon the Effective Date. The rural customer rate is a bundled, all inclusive rate. No separate charges for ancillary service or transmission apply to this rate, and losses are included at an imputed 2%. The rural customer rate includes no fuel adjustment clause or environmental surcharge. Big Rivers reserves the right to file for a change in these rates at a future date. These rates do not include the applicable Distribution Cooperative fee.

SCHEDULE 5.4(a)

Terms for Settlement of Smelter Issues

This Schedule sets forth fundamental understandings in connection with the preparation of the rate case with the Kentucky Public Service Commission ("KPSC" or "Commission") and other documents which, collectively, will encompass the Smelter settlement as incorporated into Big Rivers Electric Corporation's First Amended Plan of Reorganization in the Bankruptcy Court. The understandings are:

1. **Basic Economic Terms.** Big Rivers Electric Corporation (Big Rivers), Green River Electric Corporation ("Green River Electric"), Henderson Union Electric Cooperative Corporation ("Henderson Union"), together with Alcan Aluminum Corporation ("Alcan"), NSA, Inc. ("NSA") and Southwire Company ("Southwire") (collectively the Smelters), have reached an understanding on the basic economic terms of new power contracts as set forth in Attachment A hereto.

2. **Stand-By Commitments and Creditor Non-Disturbance Agreements.**

(a) Subject to the execution of a mutually satisfactory definitive agreement by Western Kentucky Energy Corp. ("WKEC"), Alcan, NSA, Southwire and their respective member cooperatives as part of the consensual Plan of Reorganization of Big Rivers, and subject to the prior consent of, and certain related commitments by, the distribution cooperatives, Big Rivers and the Rural Utilities Service ("RUS") that are satisfactory to the parties, WKEC or one of its affiliates (collectively "LG&E") will provide a stand-by power delivery commitment to Alcan, NSA and Southwire and their member cooperatives in the event that Big Rivers, its creditors or any other entity or regulatory authority takes action that would interfere with Big Rivers' ability to deliver power to the distribution cooperatives at the rates and volumes set forth in Attachment A, which in turn would interfere with the distribution cooperatives' ability to perform under their contracts with the smelters (the "Stand-By Agreement"). In the event of a material non-performing event in connection with Big Rivers' delivery of power to the distribution cooperative(s) pursuant to the terms of their power sales agreements (amended as contemplated in Attachment A hereto), and upon notice of such event delivered by the affected smelter to LG&E, LG&E would, and would be entitled under its agreements with Big Rivers to, deliver replacement power to that cooperative(s) pursuant to the Stand-By Agreement, and the distribution cooperatives would pay LG&E therefor the purchase price that would have otherwise been payable to Big Rivers. Arrangements would be made with Big Rivers, the RUS and the PCB Trustee regarding the disposition of funds paid by the members in excess of LG&E's contract rate for power. LG&E Energy Corp. will guarantee the performance of WKEC or its affiliate under the Stand-By Agreement. Big Rivers, the distribution cooperative and the smelters would provide LG&E with agreed-upon protections in the event LG&E delivers power under the Stand-By Agreement in reliance upon a default notice delivered as described above. The form of the LG&E undertakings will require further discussion.

(b) The smelters will also require an agreement from the RUS and the institution providing the substitute letter of credit that, if the smelters perform their obligations under the settlement, these secured lenders will not take or support any action that would change the Smelter contract terms and rates agreed to.

3. Structure of Tier 3 Sale.

(a) During the Initial Period ending December 31, 2000 of the Long-Term Power Purchase Contract between Big Rivers and WKEC, whether under Phase I or Phase II, the cost of power purchased by Alcan and Southwire under Tier 3 will be \$19.20 per Mwh (which includes supply of all transmission-based and generation-based ancillary services), plus charges for transmission service at the rate specified in paragraph 4(b) and for line losses as specified in paragraph 4(d) hereof, plus the applicable distribution cooperative fee.

(b) After the Initial Period, Tier 3 volumes will be structured as buy/sell tariffs approved by the KPSC between the Smelters and the distribution cooperatives. Generation-based ancillary services required for transmission of Tier 3 power on Big Rivers' transmission system will be provided separately by the supplier of such services as specified in paragraph 4 below.

(c) The all-requirements contracts between Big Rivers and the distribution cooperatives will be amended to provide that the distribution cooperatives will purchase Tier 3 volumes through Big Rivers provided that Big Rivers will only flow through with no mark-up or adder of any kind the cost of power purchased from third party market suppliers (including any third party transmission and ancillary services charges associated with transmitting that power to Big Rivers' transmission system), plus charges for transmission services supplied by Big Rivers for the use of Big Rivers' transmission system in accordance with paragraph 4. In the event that Big Rivers does not perform its obligations under the preceding sentence, then the distribution cooperatives will contract directly with third party market suppliers selected by the Smelters to fulfill the Smelters' Tier 3 requirements. The signatories agree to make such amendments to the distribution cooperatives' all-requirements contracts with Big Rivers to permit the distribution cooperatives to contract with third party suppliers as provided below. (The provisions of this paragraph are subject to negotiations between the distribution cooperatives and Big Rivers.)

(d) For Tier 3 supply, the distribution cooperatives shall charge its actual cost to purchase generation and transmission services along with the applicable distribution adder.

(e) Notwithstanding subparagraphs (b), (c) and (d) above, the Smelters shall at all times retain sole discretion and control over, and shall direct the distribution cooperatives with respect to, the specifications as to the type of service, terms, conditions and characteristics of Tier 3 power to be solicited from third party suppliers; the approximate number of bids to be solicited; the time frame for response; the selection of the supplier of Tier 3 power and rate thereof; and the right to reject all responses and to rebid the solicitation.

4. Transmission of Tier 3 Power.

(a) The transmission services to be provided by Big Rivers to the member distribution cooperatives on behalf of the Smelters for Tier 3 service at the fixed rates in paragraph 4(b) below shall be firm point-to-point transmission service which, beginning January 1, 2001, shall be reserved between specified points of delivery and receipt by the distribution cooperatives (as directed by Alcan and Southwire) by means of Big Rivers' OASIS ("Open Access Same-time Information System") in accordance with the procedures contained in Big Rivers' Open Access Transmission Service Tariff. Big Rivers also agrees to offer all transmission services offered in its Open Access Transmission Service Tariff to the distribution cooperatives on behalf of the

Smelters (including network and non-firm point-to-point service) at rates as they are then in effect in such tariff.

(b) Transmission rates for the firm point-to-point transmission service used by the Smelters on Big Rivers' transmission system to be provided by Big Rivers to the distribution cooperatives with respect to Tier 3 shall be made available at fixed rates through the expiration of the Alcan and Southwire power contracts with Henderson Union and Green River. For the period from the effective date of Phase 1 of the LG&E transaction until December 31, 2006, the firm point-to-point transmission rate offered by Big Rivers with respect to Tier 3 power shall be fixed at \$0.98 per kilowatt of transmission demand per month. For the period from January 1, 2007 through the expiration of the Smelters' power contracts, the firm point-to-point rate shall be fixed at \$1.02 per kilowatt of transmission demand per month. The rates for firm point-to-point transmission rates offered by Big Rivers include all charges for transmission based ancillary services, including scheduling and dispatch by Big Rivers and reactive power provided from transmission capacitor banks on Big Rivers' transmission system.

(c) Transmission of Tier 3 power other than during the Initial Period (when all generation-based ancillary services are included in the cost of Tier 3 power) will require the distribution cooperatives on behalf of and at the cost of each Smelter to acquire FERC-required generation-based ancillary services, either from Big Rivers through a pass through, a third-party market supplier, or LG&E. The Smelters agree that they will be responsible for directing the distribution cooperatives to purchase, at an unbundled cost, any and all generation-based ancillary services required by FERC that are associated with Tier 3 service, including load following, energy imbalance, reactive power from generation, spinning-reserves, and non-spinning reserves. LG&E agrees that it or one of its affiliates will supply such generation-based ancillary services to Big Rivers under FERC-approved tariff rates which Big Rivers then will offer to the distribution cooperatives for Tier 3 service under a direct pass-through of these costs. LG&E further agrees to negotiate with Alcan and Southwire through the distribution cooperatives with respect to the future supply of such generation-based ancillary services at market-based or long-term fixed contract rates.

(d) During the Initial Period, transmission losses makeup will be supplied by Big Rivers and will be imputed at a 2% transmission loss factor. After the Initial Period, transmission loss makeup will be supplied by the Smelters from third-party market suppliers at a level in accordance with the average system transmission loss factor specified in Big Rivers' Open Access Transmission Services Tariff, except that the Smelters and the distribution cooperatives do not waive and specifically reserve the right to challenge at a later date the loss factor or methodology as provided below; provided, however that the Smelters on the one hand and the distribution cooperatives on the other hand, recognize the other's right to intervene and fully participate in any FERC proceeding to determine the loss factor or methodology to be adopted. Southwire and Alcan agree that they will not oppose the initial transmission loss levels included in Big Rivers' initial filing of its Open Access Transmission Services Tariff at the Federal Energy Regulatory Commission ("FERC") and/or the KPSC as filed with documents implementing the transaction between LG&E and Big Rivers. No earlier than one year after the Open Access Transmission Service Tariff becomes effective, Southwire and Alcan shall be entitled to assert at the applicable regulatory commission their case for a different transmission loss factor or methodology applicable to their uses of the transmission system for Tier 3 service commencing January 1, 2001.

(e) (i) Big Rivers agrees that the transmission provided to the distribution cooperatives on behalf of the Smelters for Tier 3 volumes during the Initial Period will be an existing

bundled wholesale firm service requirements contract covering all transmission from Big Rivers' generating units and purchase power resources to the Smelters' points of delivery, and that such service shall not be based on any one single contract path. However, Big Rivers further agrees that such bundled service shall specifically include a single reserved firm point-to-point transmission path for each distribution cooperative on behalf of its Smelter customer between each Smelter's current delivery point and a designated receipt point constituting one of Big Rivers' points of interconnection with a third-party transmission system. During the Initial Period, these two reserved firm point-to-point transmission paths shall respectively be held available by Big Rivers for back-up service arranged by Big Rivers on behalf of each distribution cooperative's Smelter customer. During the Initial Period, Big Rivers shall have the right to post this capacity for availability on its OASIS as non-firm point-to-point transmission service subject to curtailment when this transmission capacity is needed by Big Rivers to render this backup service to the respective distribution cooperatives on behalf of its Smelter customer.

(ii) Within sixty days of the filing of Big Rivers' Open Access Transmission Service Tariff, each Smelter shall be responsible for instructing its distribution cooperative to communicate with Big Rivers and to designate the amount of desired reserved transmission capacity for backup power (up to the maximum Tier 3 amount projected by the Smelters in 2001) and to specify the requested point or points of receipt for such power on Big Rivers' transmission system. In designating the initial points of receipt and delivery for the backup transmission service contract path or paths, each Smelter shall be limited to paths over which Big Rivers has available transmission capacity in the amount desired at such time as that Smelter makes this initial designation to its distribution cooperative. The Smelters shall have the right to divide their Tier 3 load over multiple transmission paths, provided the total reserved capacity does not exceed the maximum Tier 3 amount.

(iii) During that same sixty day period after the filing of Big Rivers' Open Access Transmission Service Tariff, each Smelter shall be responsible for instructing its respective distribution cooperative to reserve on Big Rivers' OASIS future long-term firm point-to-point transmission service commencing at the expiration of the Initial Period over that same backup path or paths in the amounts designated by each Smelter for backup service. Big Rivers assures the Smelters of the continued seamless availability of this amount of firm point-to-point transmission service on Big Rivers' transmission system for the path or paths selected for the period over which such future transmission service is reserved on the OASIS. No additional payments shall be due Big Rivers for this future reserved service during the Initial Period with the exception that the Smelters shall be responsible for paying the one month deposit required by Section 16.3 of the Tariff for reserving the firm point-to-point transmission service that is to commence January 1, 2001, which deposit shall be paid, held and credited in accordance with that section.

(iv) All Tier 3 service after January 1, 2001 shall be provided in accordance with Big Rivers' Open Access Transmission Tariff and the long-term firm point-to-point service agreement entered into by the distribution cooperatives on each Smelter's behalf during the initial sixty days after the filing of Big Rivers' Open Access Transmission Tariff, pursuant to Section 4(e)(iii) of this Letter of Intent. Upon expiration of the initial long-term point-to-point service agreement for the Tier 3 service commencing January 1, 2001, the Smelters shall hold a right of first refusal for this reserved capacity in accordance with Section 2.2 of Big Rivers' Open Access Transmission Tariff. Should the Smelters desire to change the designated receipt point or points for the power that is to be delivered to them under their reserved firm point-to-point transmission contract commencing January 1, 2001, they shall be allowed to do so, provided that available

transmission capacity then exists on Big Rivers' OASIS over the alternative path or paths desired. If such transmission capacity is not then available, each distribution cooperative on behalf of its Smelter customer shall be given the option of retaining its current contract path and reserved amount of transmission or taking such transmission as is available over the alternative transmission path selected, with the remainder to be left on the existing transmission path or paths.

(f) With respect to the Southwire proposed fifth pot line, the transmission service shall be provided as described in paragraph 3 and this paragraph 4, except as modified by paragraph 9.

5. **Southwire Contract.** Southwire will be the contracting party for service from Green River Electric Corporation (Green River Electric), and all service for both the NSA smelter and the Southwire rod & cable mill will be consolidated into a single delivery point. Payments under this new contract will be due on the 25th day of the month following the month of service. Southwire will agree to provide an undertaking to Big Rivers that it will perform its obligation to Green River Electric under the new contract.

6. **Alcan Contract.** Alcan will be the contracting party for service from Henderson Union Electric Cooperative (Henderson Union). Alcan will provide an undertaking to Henderson Union and to Big Rivers, similar to the 1990 undertaking, that if the net worth of Alcan falls below \$300 million, Alcan will provide an irrevocable standby letter of credit securing payment of its take-or-pay obligations during the remaining term of the new contract. Payments under this new contract will be due on the 25th day of the month following the month of service.

7. **No Stranded Investment or Exit Fee.** The participants agree that documentation would include agreements that there shall be no stranded investment costs or exit fees of any kind whatsoever for Alcan or for Southwire at the end of the term of each of the respective new contracts. Likewise, Big Rivers shall be under no obligation to provide power to Henderson Union or to Green River Electric for service to Alcan or Southwire beyond the end of the term of each of the respective new contracts (but would continue to be available to provide transmission services under its transmission tariffs).

8. **Take-or-Pay Power.** Take-or-pay power shall only be Tier I amounts priced at 13.5 mills per kWh. The participants agreed that the Smelters shall have the contractual right to sell power that is the subject of a take-or-pay obligation similar to Alcan's current arrangement with LG&E Power Marketing.

9. **Tier 1.** Tier 1 amounts and prices are as set forth in Attachment A hereto. For Alcan, Tier 1 capacity is 98 MW for the period beginning with the commencement of Phase I of the LG&E transaction through December 31, 2002 and 48.5 MW for the next nine-year period. For NSA, Tier 1 capacity is 129.5 MW for the period beginning with the commencement of Phase I of the LG&E transaction through December 31, 2002 and 48 MW for the next eight-year period; provided, that if NSA commits to construct a fifth potline and agrees to a 10-year take-or-pay commitment for the new potline beginning on the date the potline is energized of 85 MW at \$0.98 kW/month for Tier 3 firm point-to-point transmission service, the Tier 1 capacity for NSA will be 37 MW (26,469,000 kWh per month at a 98 % load factor) for the period 1/1/2003 - 12/31/2010.

10. **Load Factor.** In calculating the respective Tier costs purchased by the Smelters under the new contracts, total megawatt hours for Tier 1 and Tier 2, respectively will be

calculated using a 98% load factor assumption. All megawatt hours purchased in excess of these amounts shall be in Tier 3.

11. **Termination Account Amounts.** The participants have agreed upon the methodology for calculating the amount of each Smelter's termination account and the Alcan 50 megawatt decrement amount.

12. **No Favored Nations Clause.** The Smelters agree not to pursue their prior request for a favored nations clause.

13. **Governance Issues and Adder.** The participants agreed to discuss ways to improve communications with industrial customers and to provide a channel to improve the volume and timeliness of communications among industrial customers, the distribution cooperatives, Big Rivers' management and the board of directors of Big Rivers. Big Rivers is considering the creation of advisory positions for industrial customers on the Big Rivers board of directors. The Smelters will seek agreement with Henderson Union and Green River Electric on the amount of a reasonable fee charged by each cooperative to the Smelters.

14. **Standstill Agreement.** Big Rivers and the Smelters are willing to enter into a standstill agreement pursuant to which the participants will jointly suspend all proceedings in the dissolution, directors' fees, torts, rescission, and breach of contract suits pending in Henderson Circuit Court (No. 95-CI-00040, No. 95-CI-00404, and No. 95-CI-00495), Hancock Circuit Court (No. 94-CI-014) and Franklin Circuit Court (No. 94-CI-00584 and No. 95-CI-00299). The participants agree to cooperate in making such agreements and obtaining such court orders as may be necessary to suspend or postpone all discovery, hearings, and other activity in such cases. It is contemplated that such actions will remain pending until other conditions precedent to closing of the LG&E transaction have been satisfied or until any party files a notice that any proceeding will be recommenced. Such actions shall be dismissed upon the effective date of the plan of reorganization.

15. **Fuels Case Appeal and Fuel Reviews.** The parties discussed possible resolutions of the Fuels Case pending before the Kentucky Court of Appeals in a manner that will not result in any further refund liability to Big Rivers. The Smelters are appellees in the Court of Appeals and are asserting no claims. The Smelters do not intend to seek further relief upon remand if the global settlement is closed. Ongoing fuel adjustment clause reviews will continue until the commencement of Phase I of the LG&E Transaction, but the Smelters will not be entitled to further refunds and will return any refunds related to Case No. 96-521 and any subsequent fuel adjustment clause case. Big Rivers will dismiss its application in Case 96-215.

16. **Amendment No. 1.** Subject to the closing of Phase I or Phase II of the LG&E transaction, whichever occurs first, the Smelters are agreeable to withdrawing the complaint before the Commission, Case No. 95-011, concerning Amendment No. 1 for the period 1988-1990.

17. **Environmental Surcharge and Fuel Reviews.** The participants have agreed to settle the environmental surcharge review proceeding pending before the Commission. Case No. 96-327, regardless of implementation of the global settlement, subject to necessary governmental and regulatory approvals (Attachment B).

18. **Restitution Case.** The participants discussed the restitution case pending before the Commission. Case No. 94-453. If the LG&E transaction closes, it is agreed among Big Rivers, the Smelters and RUS that amounts received by Big Rivers as restitution or payable on its fidelity policy or recovered as damages through the date the new rates are implemented will be divided 50-50 between RUS and the ratepayers, payable at closing of the LG&E transaction.

19. **Third-Party Claims in Coal Cases; Green River Coal Escrow.** The participants agree to mutually evaluate claims against third parties in the coal cases pending in the Union Circuit Court and the United States District Court, Western District of Kentucky, and in the Green River Coal escrow matter, and to cooperate in the pursuit and resolution of these and any other claims. All Post-Effective Date Fraud Recoveries will be divided 50-50 between RUS and the ratepayers after payment of Big Rivers' and the Smelters' legal costs, including attorney fees, incurred in pursuit and resolution of these claims after the settlement rates become effective.

20. **Refund Methodology.** Amounts paid to ratepayers under paragraphs 18 and 19 shall be passed through to the Smelters and other retail customers under a refund methodology approved by the KPSC which takes into account historic energy usage by the Smelters and other retail customers consistent with the time period in which the revenues were collected.

21. **Effectuation of Settlement and Timetable.** The participants agree that each desires to work toward and support an expedited implementation of these understandings, an early KPSC filing, a settlement agreement and the Closing of the LG&E transaction. These efforts would include discussion of bankruptcy and regulatory procedures and timetables consistent with the intent of all participants to achieve expeditious resolution. Big Rivers will file a rate case with the Commission which would contain the economic terms of the new power contracts that we have jointly agreed to pursue. The parties recognize that Big Rivers' application to the KPSC will request rates to become effective upon confirmation of the bankruptcy plan and the beginning of Phase I of the LG&E transaction. On the other hand, the parties also recognize that the economic benefit of the settlement to the Smelters is dependent upon Phase I being closed not later than expiration of the Smelters' variable rate tariff on August 31, 1997. Consequently, Big Rivers agrees as follows to the extent Phase I rates have not been placed into effect, subject to necessary governmental and regulatory approvals if any:

- (a) Big Rivers has approved an amendment to the existing Power Agreement between Green River Electric and NSA to provide for delivery of supplemental electric energy associated with up to 95 megawatts of capacity at 19.25 mills per kWh beginning September 1, 1997 at the rate provided in the NSA SPA plus the fee for Green River Electric and ending on the earlier of August 31, 1998 or the effective date of the interim adjustment under subsection (c) below; and
- (b) Big Rivers has approved a Supplemental Power Agreement ("Alcan SPA") between Henderson Union and Alcan to provide that after April 15, 1997, Alcan shall have the right for a period of the earlier of one year or until the effective date of the interim adjustment under subsection (c) below to purchase, in addition to 265 megawatts of contract demand, supplemental power of up to 80 megawatts pursuant to the terms and at the rate of 19.25 mills per kWh provided in the Alcan SPA plus the fee for Henderson Union. Big Rivers further agrees that if Alcan operates two lines, as of September 1.

1997 and for a minimum of four months up to a maximum of one year so long as the LG&E transaction remains viable, Alcan's contract demand shall be actual contract demand; and

- (c) Big Rivers will file no later than June 30, 1997, and diligently pursue a proceeding with the KPSC seeking approval to implement the LG&E Transaction including, inter alia, approval of the Smelter settlement rates and other terms and conditions relating to Smelter service set forth on Attachment A hereto. Big Rivers shall request, as part of its filing, that the KPSC approve a one-year interim adjustment ("Interim Adjustment") in Smelter rates effective September 1, 1997 equal to the first year Smelter settlement rates set forth on Attachment A hereto; so long as Big Rivers has such a case pending before the KPSC which seeks the Interim Adjustment, the Smelters shall refrain from filing a separate rate case with the KPSC which seeks approval of the Interim Adjustment or other rates; and
- (d) If either the settlement rates or Interim Adjustment are not in effect by September 1, 1997, then beginning with the Smelters' payment of invoices for power purchased during the month of September 1997, for a period of one year Big Rivers will agree to place in escrow in an interest bearing account with a third-party financial institution (at the sole expense of the Smelters) (the "Smelter Escrow") an amount equal to the difference between the amounts paid by the Smelters and the proposed settlement rates for power. Upon an order of the KPSC establishing either the Interim Adjustment or the Smelter rates on a permanent basis whether as part of the LG&E Transaction or otherwise, the amount placed in escrow during the one year period in excess of the smelter rate so ordered by the KPSC shall be returned to the Smelters, with interest thereon, and the balance (including interest), if any, to be paid to Big Rivers. The Smelters will seek a June, 1997 hearing date for Bankruptcy Court approval of the Smelter Escrow; and
- (e) In the event that by September 1, 1997 neither the Settlement Rates nor the Interim Rates are in effect and, for whatever reason, the escrow arrangement described in subparagraph (d) above is also not in effect, then Big Rivers agrees that as of September 1, 1997 any amounts thereafter paid by the Smelters in excess of the Settlement Rates shall be accrued each month in a balancing account on Big Rivers books until entry of an order of the KPSC changing the Smelter Rates, at which time the amount in the balancing account would thereafter be reflected as credits on monthly invoices submitted to the Smelters together with interest. The credits would be made available to the Smelters in approximately equal amounts over a number of months equal to the number of months in which the amounts were accrued; and
- (f) The Smelters agree to make no claim to the enhanced value resulting from the Bankruptcy Court's Memorandum-Opinion and Order entered on February 21, 1997 so long as either (i) the KPSC approves the Interim Adjustment to be effective on September 1, 1997, or (ii) if the Interim

Adjustment is disapproved or delayed, the Smelter Escrow is approved by the Bankruptcy Court prior to September 1, 1997.

22. **Non-Disclosure Agreements.** The participants agree that the nondisclosure letter dated December 14, 1995 is no longer in effect but that they will coordinate any related public announcements.

BIG RIVERS ELECTRIC CORPORATION, ALCAN ALUMINUM CORPORATION and SOUTHWIRE COMPANY have agreed upon all of the foregoing terms except as shown. GREEN RIVER ELECTRIC CORPORATION and HENDERSON UNION ELECTRIC COOPERATIVE CORPORATION would be parties to agreements to implement paragraphs 1, 2, 3, 4, 7, 8, 13, 18, 19, 20, and 21. The RURAL UTILITIES SERVICE would be a party to agreements to implement paragraphs 1, 2, 3, 7, 8, 18, 19, 20 and 21. LG&E ENERGY CORP. would be a party to agreements to implement paragraphs 2, 4 and 21.

ATTACHMENT A

BIG RIVERS ELECTRIC CORPORATION

SMELTER TARIFF:

Maximum Demand (MW):

	NSA	ALCAN
Tier 1 - 2 During Contract Term	339.0	233.0
Tier 1 Closing (or 9/1/97) to 12/31/2002	129.5	98.0
Tier 1 After 12/31/2002	48.0	48.5

Note: Load and tariff for NSA includes the Rod & Cable mill.

	NSA	ALCAN
	Closing (or 9/1/97) to 12/31/2002	
Rate per kWh - Tier 1	\$0.03070	\$0.03070 per kWh (delivered to REC)
Each kWh each month up to:	92,644,300	70,109,200 kWh per month

	01/01/2003 - 12/31/2010	1/1/2003 - 12/31/2011
Rate per kWh	\$0.03070	\$0.03070 per kWh (Delivered to REC)
Each kWh each month up to	34,339,200	34,696,900 kWh per month

Note: Tier 1 is a Take-or-Pay at \$0.0135 per kWh at the maximum volumes specified above. Smelters shall have the right to sell the energy not taken for their own account.

	NSA	Alcan
	kWh above Tier 1 each month up to: 12/31/2010 / 12/31/2011	
Rate per kWh - Tier 2	242,520,600	166,688,200 kWh per month

Rate per kWh:		
1997	\$0.02098	\$0.02098 per kWh (Delivered to REC)
1998	\$0.02098	\$0.02098 per kWh (Delivered to REC)
1999	\$0.02098	\$0.02098 per kWh (Delivered to REC)
2000	\$0.02098	\$0.02098 per kWh (Delivered to REC)
2001	\$0.02119	\$0.02119 per kWh (Delivered to REC)
2002	\$0.02129	\$0.02129 per kWh (Delivered to REC)
2003	\$0.02179	\$0.02179 per kWh (Delivered to REC)
2004	\$0.02190	\$0.02190 per kWh (Delivered to REC)
2005	\$0.02201	\$0.02201 per kWh (Delivered to REC)
2006	\$0.02223	\$0.02223 per kWh (Delivered to REC)
2007	\$0.02262	\$0.02262 per kWh (Delivered to REC)
2008	\$0.02294	\$0.02294 per kWh (Delivered to REC)
2009	\$0.02327	\$0.02327 per kWh (Delivered to REC)
2010	\$0.02360	\$0.02360 per kWh (Delivered to REC)
2011	\$0.02291	\$0.02291 per kWh (Delivered to REC)

Note: Rates for Tier 1 and 2 are for firm (non-interruptible) capacity, energy and transmission. Rates for Tier 1 and 2 include all ancillary services and are not subject to change for any reason over the life of the contract and would not include a fuel or environment adjustment clause. Any fee to the REC is not included in the above.

	NSA	Alcan
	kWh above the sum of Tier 1 plus Tier 2 each month:	
Rate per kWh - Tier 3	242,520,600	166,688,200 kWh per month

Rate per kWh:		
Closing (or 9/1/97) to 12/31/2000	\$0.01958	\$0.01958 per kWh

After 12/31/2000 - The actual cost of purchases made for the account of each smelter.

Note: The Tier 3 rates through 12/31/2000 include line losses at 2% and all ancillary services, but do not include a BREC transmission charge. Tier 3 rates beginning 1/1/2001 shall be the market price paid to third party suppliers for electric power delivered to the BREC transmission system, plus a charge from BREC for transmission services including line losses and any ancillary services supplied by BREC. Any fee to the REC is not included in the above.

• If Southwire commits to construct a fifth potline and agrees to a 15-year take-or-pay commitment for the new potline beginning on the date the potline is energized of 85 MW at \$0.98 kW/month for Tier 3 firm point to point transmission service, then Big Rivers will lower the Tier 1 kWh for the period 1/1/2003 - 12/31/2010 to 26,469,800 kWh (not the

34,339,200 shown above. For the period from January 1, 2007, the Tier 3 firm point-to-point rate shall be fixed at \$1.02 kW/month.

After 12/31/2000 Tier 3 volumes will be structured as buy-sell tariffs approved by the PSC between the Smelters and the REC's under which the REC's will act as purchasing agents for the Smelters. Under separate contracts between BREC and the REC's, the REC's will agree to purchase Tier 3 volume through BREC provided that BREC will only directly flow through the cost of power and charge for transmission and line losses. In the event BREC does not perform its obligations under this contract with the REC's, then the REC's would be required to contract directly with the market supplier selected by the Smelters other than BREC to fulfill the Smelters Tier 3 requirements. BREC and the Smelters agree that there shall be no stranded investment cost or exit fees for Alcan or for Southwire at the end of the term of each of the respective new contracts. Similarly, BREC shall be under no obligation to provide power to Henderson Union or Green River Electric for service to Alcan or Southwire beyond the end of the term of each of the respective contracts (but would continue to be available to provide transmission services under its transmission tariffs).

SCHEDULE 5.4(b)

Coal Fraud Cases

1. Big Rivers Electric Corporation v. William H. Thorpe, Eddie R. Brown, Shirley Pritchett, Denise Thorpe Perkins, and E&M Coal Company, U.S. District Court, Western District of Kentucky, Owensboro Division, No. 93-CV-0110-0(C); consolidated with Big Rivers Electric Corporation v. Green River Coal Co., Inc., et al., No. 95-CV-0107-0(C), formerly Adv. Proc. No. 94-4019, In re Green River Coal Company, U.S. Bankruptcy Court, Western District of Kentucky, Chapter 11 Case No. 93-40568(3)11 (reference withdrawn as to adversary proceeding).
2. Big Rivers Electric Corporation and NSA, Inc. and Alcan Aluminum Corporation v. Costain Coal, Inc., Jim R. Smith, and William H. Thorpe, Union Circuit Court, No. 94-CI-012; consolidated with Big Rivers Electric Corporation v. Jim Smith Contracting Company, Inc., Union Circuit Court, No. 94-CI-00173.
3. Big Rivers Electric Corporation v. Costain Coal, Inc., Jim Smith Contracting Co., Inc., Jim R. Smith, and William H. Thorpe, U.S. District Court, Western District of Kentucky, Owensboro Division, No. 94-CI-0226-0(C) (action dismissed September 24, 1996; motions pending to vacate judgment, to permit amendment of complaint, and to substitute parties in amended complaint).

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF KENTUCKY
OWENSBORO DIVISION

IN RE:) CHAPTER 11
)
BIG RIVERS ELECTRIC CORPORATION,) CASE NO. 96-41168
)
Debtor.)
_____)

ORDER CONFIRMING FIRST AMENDED PLAN OF REORGANIZATION
PROPOSED BY DEBTOR BIG RIVERS ELECTRIC CORPORATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE
AS MODIFIED AND RESTATED JUNE 9, 1997

The First Amended Plan of Reorganization Proposed by Debtor Big Rivers Electric Corporation ("Big Rivers" or the "Debtor") under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., et al., (as amended, the "Bankruptcy Code") for the debtor and debtor-in-possession herein as modified and restated June 9, 1997 (as amended, the "Plan") (a copy of which is annexed hereto as Exhibit "A")¹ having been filed; and the Debtor having filed with the Court the Plan Supplement dated May 28, 1997 (as subsequently revised and amended and filed with the Court, the "Plan Supplement") containing drafts of the Transaction Agreements; and the Debtor's Disclosure Statement having been approved by Order of this Court dated May 13, 1997 (the "Disclosure Statement Order") as containing "adequate information" as such term is defined under section 1125 of the Bankruptcy Code; and certificates of service and/or certifications of publication having been filed with the Court demonstrating compliance

¹ Capitalized terms not otherwise defined in this Order shall have the meaning ascribed to them in the Plan.

with the service and publication requirements of the Disclosure Statement Order; acceptances and rejections of the Plan by those holders of Claims that voted thereon having been duly received and tabulated by the Debtor; and certifications by the Debtor of ballots accepting or rejecting the Plan having been filed with the Court; and upon the memorandum of law of LG&E Energy Corp. ("LG&E Energy") in support of confirmation of the Plan; and the Court having considered all objections to confirmation of the Plan; and all objections to the Plan having been voluntarily withdrawn or overruled or denied by the Court; and upon all of the evidence adduced and the arguments of counsel made at the Confirmation Hearing; and upon the entire record of the Reorganization Case; and after due deliberation, and sufficient cause appearing therefor; and

IT HAVING BEEN FOUND AND DETERMINED by this Court that:

A. This Court has jurisdiction over this Reorganization Case pursuant to 28 U.S.C. § 1334. Confirmation of the Plan is a "core proceeding" pursuant to 28 U.S.C. § 157(b)(2), and this Court has jurisdiction to enter a Final Order with respect thereto. Venue of the Reorganization Case is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The classification of Claims and interests in Article III of the Plan is necessary and reasonable to implement the Plan, and satisfies the requirements of section 1122(a) of the Bankruptcy Code.

C. Article III of the Plan adequately and properly identifies and classifies all Claims and interests, thereby satisfying the requirements of section 1123(a)(1) of the Bankruptcy Code, and each Claim or interest in each such Class is substantially

similar to the other Claims or interests in such Class, thereby satisfying the requirements of section 1122(a) of the Bankruptcy Code.

D. Article IV of the Plan identifies the Classes of Claims and interests which are not impaired and which are impaired. Therefore, the Plan satisfies the requirements of section 1123(a)(2) of the Bankruptcy Code.

E. Article IV of the Plan also specifies the treatment of each impaired Class of Claims and thereby satisfies the requirements of section 1123(a)(3) of the Bankruptcy Code.

F. The Plan provides for the same treatment for each Claim or interest in a particular Class and thereby satisfies the requirements of section 1123(a)(4) of the Bankruptcy Code.

G. The Plan provides adequate means for its implementation, including, among other things: (i) effectuating the consummation of the LG&E Energy Transaction pursuant to the Plan and the Transaction Agreements; (ii) effectuating the execution and consummation of the New RUS Loan Documents; (iii) the issuance of the Replacement Letters of Credit to the 1983 Bond Trustee and the 1985 Bond Trustee; (iv) the payment of the Chase Effective Date Payment, the BNY Effective Date Payment, and the payments by LG&E Energy under the Transaction Agreements for use by the Reorganized Debtor to make the distributions under the Plan; (v) except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the payment of (a) each Allowed Priority Claim in full plus applicable interest, (b) each Allowed Tax Claim in full plus applicable interest, and (c) each Allowed Administrative Claim in full plus applicable

interest, or, if such Administrative Claim is not yet due in the ordinary course, then such Claim is to be assumed and paid by the Reorganized Debtor according to the terms and conditions of the particular transaction and any agreement related thereto or as soon thereafter as is practicable; (vi) effectuating the execution and consummation of the Schedule 5.4(a) Documents by and among the Debtor, the Reorganized Debtor, LG&E Energy, each of the Members, each of the Smelters, the RUS, and any other selected parties pursuant to Schedule 5.4(a) to the Plan; (vii) the execution of certain releases and the dismissal of certain actions and claims referenced in Section 5.1(b)(15) of the Plan and Schedules 5.1(b)(15)(i) and (ii) of the Plan; (viii) effectuating the assumption or payment by LG&E Energy of certain claims of employees of the Debtor against the Debtor or the Reorganized Debtor to the extent provided in the Transaction Agreements, (ix) the discharge in full of all of the Claims except as otherwise delineated in the Plan; and (x) effectuating the commencement of proceedings before appropriate regulatory agencies, including, but not limited to, the Kentucky Public Service Commission (the "KPSC") and the Federal Energy Regulatory Commission ("FERC"), to obtain approval of the LG&E Energy Transaction and the Proposed Rates. Therefore, the Plan satisfies the requirements of section 1123(a)(5) of the Bankruptcy Code.

H. The Plan does not provide that the Debtor shall issue nonvoting equity securities. The Plan also provides that the articles of incorporation of the Debtor, as amended, shall prohibit the issuance of nonvoting equity securities. Hence, the Plan satisfies section 1123(a)(6) of the Bankruptcy Code.

I. The provisions of the Plan regarding the selection of any officer, director or trustee under the Plan, including any successor to any such officer, director or trustee, are consistent with the interests of Creditors and with public policy, and satisfy the requirements of section 1123(a)(7) of the Bankruptcy Code.

J. The Debtor's assumption of Executory Contracts pursuant to section 365, as authorized by section 1123(b)(2), of the Bankruptcy Code, as provided for in Article VI of the Plan, are reasonable exercises of sound business judgment and are in the best interests of the Debtor and its estate.

K. The LG&E Energy Transaction, as reflected in the Plan and the Transaction Agreements (as they may be amended), are in the best interests of the Debtor, its estate, and the holders of Claims and interests.

L. The Plan complies with all applicable provisions of the Bankruptcy Code and, as required by Bankruptcy Rule 3016(a), is dated and specifically identifies the Debtor as the proponent of the Plan, thereby satisfying the requirements of section 1129(a)(1) of the Bankruptcy Code.

M. The Debtor, as proponent of the Plan, has complied with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and the local rules and orders of this Court with respect to the Plan. Good, sufficient and timely notice of the Confirmation Hearing has been given to all holders of Claims and interests and to other parties-in-interest to whom notice is required to be given. The solicitation of votes was made in good faith and in compliance with the applicable provisions of the Bankruptcy Code and Bankruptcy Rules. Ballots of holders of Claims entitled to vote on the Plan were

properly solicited and tabulated. Holders of at least two-thirds in amount and one-half in number of the Claims in Classes 2, 3, 4, 6, 9, and 10 actually voting have accepted the Plan, without including the votes of any insiders. Therefore, the Debtor has satisfied the requirements of section 1129(a)(2) of the Bankruptcy Code.

N. The Debtor, as proponent of the Plan, has complied with the applicable provisions of the Disclosure Statement Order, the Bankruptcy Code, the Bankruptcy Rules and the local rules and orders of this Court with respect to the notice and disclosure of the Plan and the LG&E Energy Transaction, and therefore, the notice and disclosure of the Plan and the LG&E Energy Transaction is adequate and appropriate, and no further or other notice or disclosure is necessary or required.

O. The modifications to the Plan do not adversely change the treatment of the Claim of any Creditor or of any interest.

P. The Plan has been proposed in good faith and not by any means forbidden by law, as evidenced by, among other things, the totality of the circumstances surrounding the formulation of the Plan, the record of the Reorganization Case, and by the recoveries of holders of Claims thereunder. The Plan is based upon arm's length negotiations among or on behalf of the Debtor, LG&E Energy, the RUS, Chase, BNY, the Members, the Smelters, and other Creditors. Therefore, the Plan satisfies the requirements of section 1129(a)(3) of the Bankruptcy Code.

Q. The LG&E Energy Transaction constitutes a use, sale or lease of property pursuant to sections 363(b) and (f) of the Bankruptcy Code free and clear of any lien, Claim or encumbrance except as specifically provided in the Plan, and LG&E

Energy, its affiliates and their respective directors, officers, employees, representatives, professionals, attorneys, accountants and financial advisors (acting in such capacity) are entitled to the benefits of section 363(m) of the Bankruptcy Code as "good faith purchasers," because, among other things, the transactions contemplated by the Plan and the Transaction Agreements have been bargained for and are undertaken by LG&E Energy at arm's length, without collusion, and in good faith.

R. The LG&E Energy Transaction was the product of a competitive bidding process established and supervised by this Court in which multiple parties were invited to participate. This bidding process maximized the benefits to the Debtor's estate.

S. Any payment made or to be made under the Plan or by any person acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the Reorganization Case, or in connection with the Plan and incident to the Reorganization Case, has been approved by, or will be subject to the approval of, the Court as reasonable, thereby satisfying the requirements of section 1129(a)(4) of the Bankruptcy Code.

T. The Debtor as proponent of the Plan has disclosed the identity of the directors and officers proposed to serve after confirmation of the Plan, their affiliation with the Debtor and any compensation to be received by them, thus satisfying the requirements of section 1129(a)(5) of the Bankruptcy Code.

U. The Plan provides for the commencement of proceedings before the KPSC to establish and obtain the approval of the Proposed Rates to be charged to the

Debtor's members and ratepayers, thus satisfying the requirements of section 1129(a)(6) of the Bankruptcy Code.

V. Section 1129(a)(7) of the Bankruptcy Code requires each holder of a Claim or interest in an impaired Class to accept the Plan, or receive or retain under the Plan property having a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive on account of such Claim or interest if the Debtor liquidated under chapter 7 of the Bankruptcy Code. Only Classes 2, 3, 4, 6, 9, and 10 are impaired under the Plan. Each holder of a Claim in Classes 2, 3, 4, 6, 9, and 10 has either accepted the Plan, or will receive or retain under the Plan property having a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtor liquidated under chapter 7 of the Bankruptcy Code on such date. PacifiCorp Kentucky Energy Company and PacifiCorp Power Marketing, Inc. (together, the "PacifiCorp Entities") have objected to the Plan on the ground that Class 8 should have been deemed impaired and have requested that the objection filed by the PacifiCorp Entities be deemed to be a rejection of the Plan. Even if Class 8 was deemed to be an impaired Class that rejected the Plan, the Plan provides that each holder of an Allowed Class 8 Claim be paid in full and thus, such holders are receiving or retaining under the Plan property having a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtor liquidated under chapter 7 of the Bankruptcy Code on such date. The Plan, therefore, satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code.

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W. Section 1129(a)(8) of the Bankruptcy Code requires that for each Class of Claims or interests under the Plan, such Class has either accepted the Plan or is not impaired under the Plan. Impaired Classes 2, 3, 4, 6, 9, and 10 have accepted the Plan, and unimpaired Classes 1, 5A, 5B, 5C, 7A, 7B, 7C, 8, and 11 are conclusively presumed to have accepted the Plan without the solicitation of acceptances or rejections pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Plan satisfies the requirements of section 1129(a)(8) of the Bankruptcy Code. Although section 1129(a)(8) would not be satisfied if Class 8 was deemed an impaired Class that rejected the Plan, the Plan provides that each holder of an Allowed Claim in Class 8 will be paid in full and thus shall receive or retain on account of such Claim property of a value, as of the Effective Date of the Plan, equal to the allowed amount of such Claim, in satisfaction of section 1129(b)(2)(B)(i) of the Bankruptcy Code. Therefore, even if the Plan was found not to satisfy the requirement of section 1129(a)(8) of the Bankruptcy Code, section 1129(b)(1) of the Bankruptcy Code relieves the Debtor of having to satisfy this requirement because the Plan meets the requirements of section 1129(b)(2)(B)(i) of the Bankruptcy Code. Accordingly, the Plan should be confirmed.

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X. The Plan satisfies the requirements of section 1129(a)(9) of the Bankruptcy Code since, except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that (i) the holder of each Allowed Administrative Claim shall be paid in full, in Cash, or, if such Administrative Claim is not yet due in the ordinary course, such Claim shall be assumed and paid by the Reorganized Debtor; (ii) the holder of each Allowed Tax Claim (i.e., an Allowed Claim

of a kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code) shall be paid in full, in Cash; and (iii) the holder of each Allowed Priority Claim (i.e., an Allowed Class 1 Claim), shall be paid in full in Cash on or before the Effective Date.

Y. The provisions of section 1129(a)(10) of the Bankruptcy Code are satisfied because at least one impaired Class of Claims has accepted the Plan, determined without inclusion of any acceptance of the Plan by any insider.

Z. Section 1129(a)(11) of the Bankruptcy Code requires that a plan must be "feasible" and for the Court to determine that the Debtor is not likely to require liquidation or further financial reorganization. Reliable evidence was presented at the Confirmation Hearing demonstrating that the Plan is feasible and the Debtor is not likely to require liquidation or further financial reorganization. Among other things, the evidence showed that the payments required to be made under the Plan can be made, and that the Debtor will be able to perform its obligations under the Plan following confirmation and the Effective Date. Therefore, the Plan satisfies the requirements of section 1129(a)(11) of the Bankruptcy Code.

AA. The Debtor has paid, or shall pay as provided by the Plan, on or prior to the Effective Date, all amounts then due under 28 U.S.C. § 1930, thereby satisfying the requirements of section 1129(a)(12) of the Bankruptcy Code.

BB. Section 1129(a)(13) of the Bankruptcy Code is satisfied because the Plan provides for the continuation after the Effective Date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code,

at any time prior to confirmation of the Plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

CC. Consummation of the Plan will ensure that the Debtor will be financially viable and able to provide reliable, lower cost service for the benefit of its ratepayers and the Western Kentucky region.

DD. Unless the transactions contemplated by the Plan are consummated expeditiously, there is a grave risk of irreparable harm to the Debtor's assets and business and to Creditors' and ratepayers' interests. Therefore, in order to preserve and maintain the value of the Debtor's assets and business and the property of the estate, it is imperative that the confirmation and consummation of the Plan, the implementation of the Proposed Rates and the closing of the LG&E Energy Transaction be accomplished as soon as possible.

EE. A stable utility charging reasonable and competitive rates is necessary to ensure the health of Western Kentucky and its economy. Therefore, in order to preserve and maintain the economic well-being of the Western Kentucky region, it is imperative that confirmation and consummation of the Plan and the LG&E Energy Transaction be accomplished as soon as possible.

FF. No governmental unit has maintained that the principal purpose of the Plan is the avoidance of taxes or the avoidance of the requirements of section 5 of the Securities Act of 1933, and the principal purpose of the Plan is not the avoidance of such obligations. Therefore, the Plan satisfies the requirements of section 1129(d) of the Bankruptcy Code.

GG. Each of the discharge, release, indemnification, and exculpation provisions of Article VIII of the Plan:

- (i) falls within the jurisdiction of this Court under 28 U.S.C. §§ 1334(a), (b) and (d);
- (ii) is an essential means of implementing the Plan pursuant to section 1123(a)(5) of the Bankruptcy Code;
- (iii) is an integral element of the transactions incorporated into the Plan;
- (iv) confers material benefit on, and is in the best interests of, the Debtor, its estate, and its Creditors and ratepayers;
- (v) is important to the overall objectives of the Plan to finally resolve all claims among or against the parties in interest in the Reorganization Case with respect to the Debtor, its organization, capitalization, operation and reorganization; and
- (vi) is consistent with sections 105, 1123, 1129, and other applicable provisions of the Bankruptcy Code.

HH. All entities which are benefitted by the discharge, release, indemnification, and exculpation provisions of the Plan have contributed and/or will contribute value to the Debtor and its estate under the Plan.

II. The failure to effect the discharge, release, indemnification and exculpation provisions of the Plan would seriously impair the Debtor's ability to confirm the Plan.

JJ. All conditions precedent to confirmation set forth in Section 7.1 of the Plan have been satisfied or duly waived.

Accordingly, it is hereby ORDERED, ADJUDGED AND DECREED that:

1. The Plan is confirmed, having satisfied all of the requirements of chapter 11 of the Bankruptcy Code.

2. Each objection to the Plan and any response or request for continuance regarding confirmation of the Plan not resolved by the terms of this Order, by a separate order entered contemporaneously herewith, or by a stipulation announced on the record of the Confirmation Hearing and not otherwise withdrawn, waived or settled, is overruled and denied.

3. The record of the Confirmation Hearing is closed.

4. The findings of fact and conclusions of law of the Court set forth herein and at the Confirmation Hearing shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, as made applicable herein by Bankruptcy Rule 9014, and the findings and conclusions of the Court at the Confirmation Hearing are incorporated herein by reference.

5. The LG&E Energy Transaction constitutes a use, sale or lease of property pursuant to sections 363(b) and (f) of the Bankruptcy Code free and clear of any lien, Claim or encumbrance except as specifically provided in the Plan, and LG&E Energy, its affiliates and their respective directors, officers, employees, representatives, professionals, attorneys, accountants and financial advisors (acting in such capacity) are entitled to and accorded the benefits of section 363(m) of the Bankruptcy Code as "good faith purchasers," because, among other things, the transactions contemplated by the Plan and the Transaction Agreements have been bargained for and are undertaken by LG&E Energy at arm's length, without collusion, and in good faith.

6. Neither LG&E Energy, any of its affiliates, nor any of the Persons listed in the preceding paragraph shall, by virtue of the transactions contemplated by the

Transaction Agreements, be or become liable for any obligations or indebtedness of the Debtor or the Reorganized Debtor or for the claims of any Creditor or any other Person under the laws of the United States or any state, territory or possession thereof based, in whole or in part and directly or indirectly, on any theory of successor or transferee liability. All assets transferred to LG&E Energy or any of its affiliates pursuant to the LG&E Energy Transaction shall be free and clear of all Liens, Claims, encumbrances, security interests of whatever kind or nature, and interests, mortgages, pledges, restrictions, charges, licenses, options, rights-of-recovery, judgments, orders and decrees of any court or foreign or domestic governmental entity, interest, tax (including foreign, federal, state and local taxes), in each case, of any kind or nature, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown, whether arising prior or subsequent to the Petition Date or the Confirmation Date, except as specifically provided in the Plan or the Transaction Agreements, and neither LG&E Energy, any of its affiliates nor any of the Persons listed in the second sentence of this paragraph is a successor to the Debtor or liable for any claims against the Debtor except as expressly provided in the Plan or assumed by LG&E Energy or any of its affiliates pursuant to the Transaction Agreements.

7. Subject to the conditions in the Plan and the Transaction Agreements, the Debtor is duly and validly authorized by the necessary corporate power and authority to execute and consummate the transactions contemplated by the Plan, the Transaction Agreements, and related agreements; and the form and content of the Plan,

the Transaction Agreements (as they may be amended) and any related agreements or documents are hereby approved. No consent or approvals, other than those expressly provided for in the Transaction Agreements, are required for the Debtor and LG&E Energy to consummate such transactions. The transfers contemplated by the Plan and the Transaction Agreements shall constitute legal, valid, effective and authorized transfers and conveyances. Further, each of the Debtor and LG&E Energy are hereby authorized and directed to comply with their respective obligations under the Transaction Agreements with respect to taking any actions necessary to consummate the transactions contemplated by the Plan and the Transaction Agreements including, without limitation, actions necessary to receive any appropriate governmental or regulatory approvals of such transactions.

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The Debtor has no obligations to any of the PacificCorp Entities under the PKEE Transaction Documents, and none of the PKEE

8. The Debtor is duly and validly authorized by the necessary corporate power and authority, and is directed, to effectuate the commencement of proceedings before appropriate regulatory agencies, including, but not limited to, the KPSC and FERC, to obtain approval of the LG&E Energy Transaction and the Proposed Rates, all in accordance with the Transaction Agreements. Because, among other things, consummation of the Plan will ensure the Debtor will be financially viable and able to provide reliable, lower cost service for the benefit of its ratepayers and the Western Kentucky region, it is imperative (and the Court urges) that each regulatory body with jurisdiction over the transaction expeditiously issue such approvals as are necessary or convenient to implement the transaction.

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9. Except as otherwise expressly provided in the Plan, to the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code) and subject to paragraph 12 hereof, the occurrence of the Effective Date shall discharge and release the Debtor, the Reorganized Debtor, and their respective successors and assigns, including LG&E Energy, and the assets or properties of any of the foregoing, as of the Confirmation Date, from any and all Claims, debts, Liens, security interests, encumbrances and interests that arose prior to the Confirmation Date, including, without limitation, any Claim of the kind specified in sections 502(g), (h) or (i) of the Bankruptcy Code, and any Claim for interest earned or accrued after the Petition Date.

10. Subject to paragraph 12 hereof, except as otherwise expressly set forth in the Plan, on the Effective Date, and to the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code) each holder (and trustees and agents on behalf of each holder) of a Claim or interest, in consideration of the obligations of the Debtor and the Reorganized Debtor under the Plan, the obligations of LG&E Energy under the Transaction Agreements and the obligations of the RUS under the Plan, shall be deemed to have forever waived, released and discharged the Debtor, the Reorganized Debtor, LG&E Energy, the RUS, the Creditors' Committee, each member of the Creditors' Committee, and each of the respective present and former officers, directors, agents, advisors, Professionals, attorneys, accountants and financial advisors (except for Mr. William Thorpe and KPMG Peat Marwick who are not released by this Order or the Plan) from any and all rights, claims and liabilities arising prior to the Effective Date, out of or relating to such Claim or interest of any such holder or otherwise

relating to the business or activities of the Debtor, the Reorganized Debtor or LG&E Energy or the LG&E Energy Transaction, except as otherwise set forth in the Plan or the Transaction Agreements. Persons deemed to have released Claims pursuant to this paragraph or Section 8.1(b) of the Plan shall be forever precluded from asserting any such Claims against any released Person. Nothing contained herein or in the Plan shall be construed as discharging, releasing or relieving the Debtor, the Reorganized Debtor, or any other party, in any capacity, from any liability with respect to the retirement plans of the Debtor to which such party is subject under any law or regulatory provision. Notwithstanding the foregoing, nothing contained in the Plan shall preclude the Reorganized Debtor from exercising its right to amend, modify or terminate the retirement plans of the Debtor following the Effective Date, in accordance with then existing provisions of applicable law.

11. Except as otherwise expressly provided in the Plan, and in accordance with section 1141(d)(1) of the Bankruptcy Code, to the fullest extent permitted by applicable law (including, without limitation, section 105 of the Bankruptcy Code), subject to the occurrence of the Effective Date and paragraph 12 hereof, as of the Confirmation Date, all Creditors or other Persons that have held, currently hold or may hold a Claim or other debt or liability that is discharged or released pursuant to the Plan shall be permanently barred and enjoined from taking any of the following actions on account of any such discharged Claims, debts or liabilities, other than actions brought to enforce any rights or obligations under the Plan: (i) commencing or continuing in any manner any action or other proceeding against the Debtor, the Reorganized Debtor or their

respective successors and assigns, including LG&E Energy, or the assets and properties of any of the foregoing; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor, the Reorganized Debtor or their respective successors and assigns, including LG&E Energy, or the assets and properties of any of the foregoing; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtor, the Reorganized Debtor or their respective successors and assigns, including LG&E Energy, or the assets and properties of any of the foregoing; (iv) asserting a setoff, right of subrogation, contribution, indemnification or recoupment of any kind against any claim, debt, liability or obligation due to the Debtor, the Reorganized Debtor or their respective successors and assigns, including LG&E Energy, or the assets and properties of any of the foregoing; and (v) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

12. Notwithstanding any other provision of the Plan or this Order to the contrary, the Debtor or the Reorganized Debtor, as applicable, on the one hand, and LG&E Energy, on the other, shall have the right to enforce the rights granted to them (and the obligations of the other to them) under the Transaction Agreements. Neither the Plan nor this Order are intended, nor shall they be construed, to relieve, release, extinguish or impair any obligation, liability, responsibility or duty of the Debtor or the Reorganized Debtor, on the one hand, and LG&E Energy on the other, to each other under or pursuant to any Transaction Agreement or any other agreement as to which the Debtor, the Reorganized Debtor and LG&E Energy are parties and which shall continue to be

performed in accordance with their respective terms (as the same may be amended by mutual consent by the parties thereto).

13. Except as otherwise provided in the Plan or paragraph 12 hereof, the Debtor, the Reorganized Debtor, their affiliates and their respective directors, officers, employees, agents, representatives, Professionals, attorneys, accountants and financial advisors (acting in such capacity); the Creditors' Committee, its members; the RUS; LG&E Energy, its affiliates and their respective directors, officers, employees, representatives, attorneys, accountants and financial advisors (acting in such capacity) and the heirs, executors, administrators, successors and assigns of each of the foregoing, shall neither have nor incur any liability to any Person for any act taken or omitted to be taken in good faith prior to the Effective Date in connection with or related to the formulation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement, the Transaction Agreements, the LG&E Energy Transaction, or any contract, instrument, release or other agreement or document created or entered into, or any other act taken or omitted to be taken prior to the Effective Date, in connection with the Plan or the Reorganization Case, including, without limitation, any pleadings filed with, or actions taken in, the Bankruptcy Court in connection with the formulation, preparation, dissemination, implementation, confirmation or consummation of the Plan, the Disclosure Statement, the Transaction Agreements, or the LG&E Energy Transaction; provided, however, that the foregoing provisions of this paragraph or the provisions of Section 8.3 of the Plan shall have no effect on the liability of any Person that would otherwise result from any such act or omission to the extent that such act or

omission is determined by a Final Order to have constituted gross negligence or willful misconduct.

14. The provisions of this Order authorizing the transactions contemplated by the Transaction Agreements free and clear of Liens, other than Liens expressly preserved in the Plan or the Transaction Agreements, shall be self-executing for the release of Liens, and LG&E Energy shall not be required to obtain or file releases, termination statements, assignments, consents, or other instruments to effectuate, consummate and implement the foregoing provisions hereof with respect to such transfers; provided, however, that upon LG&E Energy's request, the Debtor or the Reorganized Debtor, as applicable, shall be required to execute or file releases, termination statements, assignments, consents, or other such instruments, as and if required under the Transaction Agreements.

15. Except as otherwise required by the Plan or other Order of this Court, as of the date hereof, the Debtor is authorized, pursuant to sections 365 and 1123 of the Bankruptcy Code, to assume or reject all Executory Contracts in accordance with the Plan. The Debtor or the Reorganized Debtor (as applicable) shall assign to LG&E Energy the Selected Contracts pursuant to section 365 of the Bankruptcy Code as required by the Transaction Agreements.

16. All proofs of claim for Claims arising from the rejection of Executory Contracts must be filed with the Court and served on the Reorganized Debtor, LG&E Energy and their attorneys, within thirty days after the date of service of notice of this Order (or notice of the order approving the rejection of such Executory Contract).

Any such Claims, proofs of which are not timely filed, will be forever barred from assertion against or payment from the Debtor, its estate or the Reorganized Debtor. Objections to any such proof of claim for Claims arising from the rejection of Executory Contracts shall be filed by the later of (a) 120 days after such proof of claim is filed, or (b) such later date as may be set by the Bankruptcy Court.

17. Unless otherwise ordered by the Court, all final Fee Applications based on services rendered in connection with this Reorganization Case prior to the Effective Date shall be filed with the Bankruptcy Court and served upon the Debtor or the Reorganized Debtor (as applicable), the Office of the United States Trustee, LG&E Energy, the RUS, BNY, and Chase no later than 60 days after the Effective Date. Nothing herein shall be deemed to extend the Bar Date of June 5, 1997 for filing requests for payment of certain administrative expenses as set forth in the Notice and Order Establishing Bar Date for Requests for Payment of Certain Administrative Expenses entered by the Bankruptcy Court on May 13, 1997.

18. Any Professional or other Person or Creditor that fails timely to file a Fee Application for final allowance of compensation and reimbursement of expenses shall be forever barred from asserting such Claims against the Debtor or the Reorganized Debtor, and the Debtor and the Reorganized Debtor shall be discharged from such Claims, and neither the Debtor nor the Reorganized Debtor shall be obligated to pay such Claims; provided, that, in any event, any Professional or other Person or Creditor that is subject to the Administrative Fee Order or other such order of the Bankruptcy Court may continue to receive payments as provided therein for services rendered and expenses incurred.

Objections to Fee Applications shall be filed and served on the Debtor or the Reorganized Debtor (as applicable), the Office of the U.S. Trustee, LG&E Energy, the RUS, BNY and Chase and the requesting Person no later than thirty days after the date of service of the Fee Application. Final allowance of such Fee Claims shall be subject to approval by the Court following a hearing. The Court shall retain jurisdiction to determine such Fee Claims, and the right to extend or change the timetables established herein.

19. Unless otherwise ordered by the Court or agreed to by the Debtor or the Reorganized Debtor (as applicable) and any Person or Creditor, any Person or Creditor (other than any Person requesting compensation or reimbursement of expenses pursuant to paragraph 17) requesting payment pursuant to sections 503(b) and 507 of the Bankruptcy Code for services rendered, or costs and expenses of preserving the estate of the Debtor shall file and serve upon the Debtor or the Reorganized Debtor (as applicable), the Office of the U.S. Trustee, LG&E Energy, the RUS, BNY and Chase, with copies served upon their respective counsel, a proof of Administrative Claim no later than 30 days after the Confirmation Date. Any such Claims, proofs of which are not timely filed, will be forever barred from assertion against or payment from the Debtor, its estate or the Reorganized Debtor. Nothing herein shall be deemed to extend the Bar Date of June 5, 1997 for filing requests for payment of certain administrative expenses as set forth in the Notice and Order Establishing Bar Date for Requests for Payment of Certain Administrative Expenses entered by the Bankruptcy Court on May 13, 1997.

20. Except as otherwise provided herein, any objection to any Claim, including any Administrative Claim, shall be filed by the later of (a) the date which is 90

days after the Effective Date, (b) 60 days after a proof of claim with respect to such Claim has been filed, or (c) such later date as may be subsequently ordered by the Court. Any such Claim that would otherwise be an Allowed Claim and that has not been objected to on or prior to such date shall be an Allowed Claim in the appropriate Class.

21. Notwithstanding the entry of this Order and the occurrence of the Effective Date, this Court shall retain such jurisdiction over the Reorganization Case after the Effective Date as is legally permissible, including, without limitation, jurisdiction to:

(a) Allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of Claims (including any Administrative Claim and any Tax Claim);

(b) Grant or deny any application for allowance of compensation or reimbursement of expenses and other fees and expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Effective Date;

(c) Resolve or determine any matters related to the assumption, assignment or rejection of any Executory Contract to which the Debtor is a party or with respect to which the Debtor may be liable, including, if necessary, approving the assignment of Selected Contracts to

LG&E Energy, and to hear, determine and, if necessary, allow any Claim arising therefrom;

(d) Resolve any determinations which may be requested by the Debtor or the Reorganized Debtor of unpaid or potential tax liability or any matters relating thereto under sections 505 and 1146(d) of the Bankruptcy Code, including tax liability or such related matters for any taxable year or portion thereof ending on or before the Effective Date;

(e) Resolve any issues relating to distributions to holders of Allowed Claims pursuant to the provisions of the Plan, including the assertion of setoff rights by or against the Debtor or the Reorganized Debtor;

(f) Decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications that may be pending on or commenced after the Effective Date, that arise in or are related to the Reorganization Case or the Plan;

(g) Enter such orders as may be necessary or appropriate to implement or to consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with or referred to in the Plan or the Disclosure Statement;

(h) Resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan or any obligations of any Person under or in

connection with the Plan, except that such retention of jurisdiction shall not apply to any cases, controversies, suits or disputes that may arise in connection with KPSC or FERC regulatory matters;

(i) Modify the Plan before, on or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or modify the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan or the Disclosure Statement, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created in connection with the Plan or the Disclosure Statement, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code;

(j) Determine all questions and disputes regarding title to the Assets to be administered pursuant to the Plan, and the determination of all causes of actions, controversies, disputes or conflicts subject to an action pending as of the Confirmation Date between a representative of the estate and any other party;

(k) Enter any order, including any injunction necessary to enforce the title, rights and powers of the Debtor or the Reorganized Debtor and to impose such limitations, restrictions and terms and condi-

tions of such title, rights and powers as the Bankruptcy Court may deem necessary;

(l) Consider and act on the compromise and settlement of any Claim against or cause of action by or against the estate;

(m) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation or enforcement of the Plan;

(n) Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated, and such orders as may be necessary or appropriate between the Confirmation Date and the Effective Date;

(o) Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, any Claim or any contract, instrument, release or other Agreement or document created in connection with the Plan or the Disclosure Statement, except as otherwise provided herein; and

(p) Enter a final decree closing the Reorganization Case.

22. All Persons holding Claims or interests which are dealt with under the Plan are hereby directed in accordance with the terms of the Plan to execute, deliver, file, or record any document, and to take any action necessary to implement, effectuate and consummate the Plan in accordance with its terms, and all such entities shall be bound