IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re UNION POWER PARTNERS, L.P. PANDA GILA RIVER, L.P. TRANS-UNION INTERSTATE PIPELINE, L.P. UPP FINANCE CO., LLC Debtors.	In Proceedings Under Chapter 11 Case Nos. _____ through _____ Jointly Administered Under Case No. _____ Judge _____ **DISCLOSURE STATEMENT WITH RESPECT TO JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE OF UNION POWER PARTNERS, L.P., PANDA GILA RIVER, L.P., TRANS-UNION INTERSTATE PIPELINE, L.P., AND UPP FINANCE CO., LLC**

IMPORTANT DATES:

- **Date by which objections to Confirmation of the Plan must be filed and served:** _____, 2005
- **Date by which Ballots must be received:** _____, 2005
- **Hearing on Confirmation of the Plan:** _____, 2005, ____ __. m., M.S.T.

Craig D. Hansen
Thomas J. Salerno
Sean T. Cork
SQUIRE, SANDERS & DEMPSEY L.L.P.
Two Renaissance Square
40 North Central Avenue,
Suite 2700
Phoenix, Arizona 85004
Tel: (602) 528-4000
Fax: (602) 253-8129

Proposed Counsel to the Debtors and Debtors-in-Possession

Dated: Phoenix, Arizona
[January __], 2005

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF APPENDICES

I. INTRODUCTION AND DISCLAIMER

A. Overview

Union Power Partners, L.P. ("UPP"), Panda Gila River, L.P. ("PGR"), Trans-Union Interstate Pipeline, L.P. ("Trans-Union"), and UPP Finance Co., LLC ("Finance Co." and, collectively with UPP, PGR and Trans-Union, the "Debtors") submit this disclosure statement (the "Disclosure Statement") pursuant to Section 1125 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code"), for use in the solicitation of votes on the Joint Plan of Reorganization Pursuant to Chapter 11 of the Bankruptcy Code of Union Power Partners, L.P., Panda Gila River, L.P., Trans-Union Interstate Pipeline, L.P. and UPP Finance Co., LLC (the "Plan") proposed by the Debtors. The Plan was filed with the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court") on January 26, 2005. The following introduction and summary is a general overview only, and is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the Plan. All capitalized terms not defined in this Disclosure Statement have the meanings given to them in the Plan. A copy of the Plan is attached to this Disclosure Statement as Appendix A.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, the need to seek Chapter 11 protection, significant events that have occurred during the Chapter 11 cases, and the anticipated organization and operations of the Reorganized Debtors. This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with securities to be issued under the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that Holders of Claims in Impaired Classes must follow in order for their votes to be counted. Certain provisions of the Plan, and thus the descriptions and summaries contained herein, may be the subject of continuing negotiations among the Debtors and various parties, may not have been finally agreed upon, and may be modified. Such modifications, however, will not have a material effect on the distributions contemplated by the Plan.

Each of UPP, PGR, Trans-Union and Finance Co. is a proponent of the Plan within the meaning of Section 1129 of the Bankruptcy Code. The Plan contains separate Classes and proposes recoveries for Holders of Claims against and Interests in the Debtors. After careful review of the Debtors' current business operations, estimated recoveries in a liquidation scenario, and the prospects of ongoing business, the Debtors have concluded that the recovery to the Holders of Claims against the Debtors will be maximized by the reorganization of all of the Debtors, as contemplated by the Plan.

B. Disclaimer

This Disclosure Statement describes certain aspects of the Plan, the Debtors' operations, the Debtors' projections and other related matters. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE

STATEMENT, THE PLAN AND THE EXHIBITS AND SCHEDULES THERETO IN THEIR ENTIRETY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

BY ORDER ENTERED ON FEBRUARY ____, 2005, THE BANKRUPTCY COURT GRANTED CONDITIONAL APPROVAL OF THIS DISCLOSURE STATEMENT FOR THE PURPOSES OF PERMITTING THE DEBTORS TO BEGIN THE PROCESS OF SOLICITING VOTES TO ACCEPT OR REJECT THE PLAN. THE BANKRUPTCY COURT WILL CONSIDER WHETHER THIS DISCLOSURE STATEMENT SHOULD BE FINALLY APPROVED AS CONTAINING INFORMATION OF A KIND AND IN SUFFICIENT AND ADEQUATE DETAIL TO ENABLE CLAIM HOLDERS THAT ARE ENTITLED TO VOTE ON THE PLAN TO MAKE AN INFORMED JUDGMENT WITH RESPECT TO ACCEPTANCE OR REJECTION OF THE PLAN IN CONNECTION WITH A HEARING ON CONFIRMATION OF THE PLAN.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON IS AUTHORIZED BY ANY OF THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THIS DISCLOSURE STATEMENT OR THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS AND SCHEDULES ATTACHED HERETO OR INCORPORATED BY REFERENCE OR REFERRED TO HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE DEBTORS.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS AND SCHEDULES ANNEXED TO THE PLAN AND THIS DISCLOSURE STATEMENT OR FILED BY THE EXHIBIT FILING DATE. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF AND THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016(b) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND

EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY CREDITOR DESIRING ANY SUCH ADVICE OR ANY OTHER ADVICE SHOULD CONSULT WITH ITS OWN ADVISORS.

EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, ALL INFORMATION CONTAINED HEREIN HAS BEEN PROVIDED BY THE DEBTORS.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Disclosure Statement contains forward-looking statements within the meaning of section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and section 21C of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including statements concerning possible or assumed future results of operations of the Debtors and those preceded by, followed by or that include the word *may, will, should, could, expects, plans, anticipates, believes, estimates, predicts, potential,* or *continue*, or the negative of such terms, and other comparable terminology. You should understand that the factors described below, in addition to those discussed elsewhere in this Disclosure Statement, including those discussed under Article VII "Risk Factors To Be Considered," could affect the Debtors' future results and could cause such future results to differ materially from those expressed in the forward-looking statements included in this Disclosure Statement. These factors include:

- material adverse changes in economic conditions in the markets the Debtors serve;
- Chapter 11 or Chapter 7 filings by customers of the Debtors;
- future regulatory actions and conditions in the Debtors' operating areas;
- competition from others in the industry;

- increases in labor costs;
- the inability of the Debtors to pay and service their debt obligations or obtain additional liquidity in the future;
- the failure of the Debtors to obtain new customers or retain existing customers; and
- other risks and uncertainties described herein and as may be detailed from time to time in the Debtors' public announcements and, if applicable, SEC filings.

ANY PROJECTIONS OR OTHER FORWARD-LOOKING ANALYSES CONTAINED HEREIN WERE NOT PREPARED WITH A VIEW TO COMPLYING WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE DEBTORS' INDEPENDENT ACCOUNTANTS HAVE NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAVE NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO.

THE DEBTORS EXPRESSLY DISCLAIM ANY OBLIGATION TO UPDATE ANY PROJECTIONS OR OTHER FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE HEREOF.

II. OVERVIEW OF THE DEBTORS AND THE PLAN

A. Business Overview

The Debtors own and operate the two largest combined-cycle natural gas generation facilities in the United States. Debtor PGR owns and operates a facility located in Gila Bend, Arizona (the "Gila Project") and Debtor UPP owns and operates a facility located in El Dorado, Arkansas (the "Union Power Station"). Debtor Trans-Union owns and operates a pipeline that transports natural gas to the Union Power Station (the "Trans-Union Pipeline" and, collectively with the Union Power Station, the "Union Project"). Debtor Finance Co. is an entity formed by UPP to facilitate an Act 9 Bond financing at the Union Project. The Gila Project and the Union Project are collectively referred to herein as the "Projects." The Projects serve markets located within two regions of the North American Electric Reliability Council ("NERC"). Specifically, the Gila Project serves markets in the Western Electricity Coordinating Council ("WECC") in Arizona, New Mexico, and southern Nevada, and the Union Project serves markets in the Entergy subregion ("Entergy") of the Southeastern Electricity Coordinating Council ("SERC").

The Projects have a total of 4,298 megawatts of generating capacity. The Projects were built from March 2001 to July 2003 at a total cost of approximately $2.8 billion, consisting

of approximately $1.4 billion of non-recourse debt from the Prepetition Banks and approximately $1.4 billion of equity contributed by TECO Energy, Inc. ("TECO"). All of the Debtors are indirect, wholly-owned subsidiaries of TECO. A schematic showing the Debtors' prepetition ownership structure is attached to this Disclosure Statement as Appendix D.

Operationally, the Projects are efficient and have an advantageous four block (2 combustion turbines per steam turbine) configuration. A summary of selected project data follows:

Category	Gila River	Union
Location:	Maricopa County, Arizona	Union County, Arkansas
NERC Region / Sub region:	WECC / AZ-NM-SNV	SERC / Entergy
Nominal Capacity:	2,146 MW	2,152 MW
Fuel:	Natural Gas	Natural Gas
Heat Rate:	7,104 Btu/kWh	7,064 Btu/kWh
Commercial Operation Dates:	May-July 2003	January-June 2003

B. Existing Capital Structure

The principal obligations for funded debt on the Debtors' balance sheets are obligations outstanding under: (a) that certain Union Power Project Credit Agreement, dated May 31, 2001 (the "UPP Credit Agreement"), by and among UPP as borrower, Citibank, N.A. as administrative agent (the "Prepetition Agent") and certain lenders thereto (together with the Prepetition Agent, the "Prepetition Banks"); (b) that certain Gila River Project Credit Agreement, dated May 31, 2001 (the "PGR Credit Agreement", and, together with the UPP Credit Agreement, the "Prepetition Credit Agreements"), by and among PGR as borrower, the Prepetition Agent as administrative agent, and the Prepetition Banks as lenders; and (c) that certain Gila River Project Senior Project Letter of Credit Agreement, dated May 27, 2004 (the "Senior Project L/C Credit Agreement"), by and between PGR, the Prepetition Agent and certain of the Prepetition Banks.

As of January 26, 2005, the principal balance outstanding under the UPP Credit Agreement was $685,371,540, plus accrued and unpaid interest of not less than $52,266,557; and the principal balance outstanding under the PGR Credit Agreement was $777,783,494, plus accrued and unpaid interest of not less than $59,661,959. The aggregate principal and accrued and unpaid interest outstanding under the Prepetition Credit Agreements, as of January 26, 2005, was not less than $1,575,083,550. The foregoing amounts do not include all of the fees, costs and other expenses to which the Prepetition Agent and the Prepetition Banks are entitled under the Prepetition Credit Agreements or other Prepetition Credit Documents or contingent obligations represented by outstanding letters of credit. As of the date hereof, there are issued and outstanding approximately $32,250,000 in letters of credit under the Senior Project L/C Credit Agreement with PGR, of which $0 have been drawn to date.

Pursuant to the Prepetition Credit Agreements and other Prepetition Credit Documents, the obligations under each Prepetition Credit Agreement are guaranteed and secured

by substantially all the assets of each of UPP, PGR, Trans-Union and Finance Co. Pursuant to the Senior Project L/C Credit Agreement, the obligations under the Senior Project L/C Credit Agreement are secured by first priority liens on, among other things, all or substantially all of the assets of PGR and the Partnership Interests in PGR.

Other than with respect to the Prepetition Credit Agreements Obligations under the Prepetition Credit Agreements and the Senior Project L/C Loans and Reimbursement Obligations under the Senior Project L/C Credit Agreement, the Debtors are not aware of any creditor who possesses a lien or security interest on any of their assets in a material amount. The Debtors also have outstanding obligations to various suppliers, vendors and service providers.

C. The Need for Restructuring and Resulting Plan Negotiations

The commercial environment at each Project has been challenging. Expected market deregulation in the Entergy and WECC markets has not proceeded as envisioned, and the markets currently suffer from an overabundance of generating capacity that has depressed spark spreads, which is the net price of electricity after fuel costs, especially in the Entergy region.

By late 2003, it was apparent to both TECO and the Prepetition Banks that due to the dramatic downturn in the merchant energy industry, the Projects would be unable to service the existing debt for the foreseeable future. As both parties recognized there was no equity value to the Projects as currently capitalized, discussions began to facilitate a consensual process whereby ownership of the Projects would be transferred to the Prepetition Banks. The Prepetition Agent hired Kroll Zolfo Cooper, as financial advisor ("Kroll Zolfo"), PA Consulting, as energy industry advisor ("PA Consulting"), and Latham & Watkins LLP, as legal counsel, to negotiate the terms of the transfer of ownership of the Projects. These negotiations led to a non-binding letter of intent on February 5, 2004, followed by a second non-binding Supplemental Letter of Intent finalized on July 28, 2004, which detailed the agreed-upon parameters of the handover and several related issues.

On January 24, 2005, the terms of the above-referenced letters of intent were incorporated into a Master Settlement Agreement and Restructuring Support Agreement (the "Master Settlement Agreement") and several related documents. Pursuant to the Master Settlement Agreement and related documents, TECO and its affiliates, including the Debtors, agreed, among other things, to transfer ownership of the Projects to newly formed limited liability companies owned by the Prepetition Banks, whether through an out-of-court restructuring, a Chapter 11 case, or otherwise.

The Master Settlement Agreement also contains provisions whereby parties who execute and deliver the Master Settlement Agreement agree, subject to approval of this Disclosure Statement by the Bankruptcy Court, to vote their respective Claims and Interests in favor of the Plan and not oppose confirmation or consummation of the Plan. On or about January 24, 2005, TECO and its affiliates, including the Debtors, Prepetition Agent and Prepetition Banks holding (x) more than one-half in number of the aggregate Obligations under each of the Prepetition Credit Agreements and the Senior Project L/C Credit Agreement and (y) at least two-thirds of the aggregate principal amount of the Obligations under each such credit agreements, executed and delivered the Master Settlement Agreement. Accordingly, on January

26, 2005, the Debtors filed their voluntary Chapter 11 petitions and commenced these Chapter 11 cases in order to effectuate a transfer of ownership of the Projects from affiliates of TECO to the Prepetition Banks. A copy of the Master Settlement Agreement is attached to this Disclosure Statement as Appendix F.

D. General Structure of the Plan

The Plan contemplates the consensual transfer of ownership of the Projects from affiliates of TECO to newly formed entities wholly-owned by the Prepetition Banks. Specifically, the Old Partnership Interests in UPP, PGR and Trans-Union will be cancelled pursuant to the Plan (the membership interests in Finance Co. will remain in effect and held in full by Reorganized UPP). UPP, PGR and Trans-Union will issue their respective New Limited Partnership Interests to Entegra Power Group LLC ("Entegra"), a newly formed Delaware limited liability company wholly-owned by the Prepetition Banks, and their respective New General Partnership Interests to Union Power LLC, Gila River Power LLC and Trans-Union Pipeline LLC, which are newly formed Delaware limited liability companies wholly-owned by Entegra. See Section VI.H of this Disclosure Statement for a summary of the New Limited Liability Company Agreement of Entegra. A schematic detailing the post-petition ownership structure of the Projects is attached to this Disclosure Statement as Appendix E.

Under the Plan and as shown on the chart below, there are two (2) classes of Impaired Claims for each Debtor that are entitled to vote: Classes 4 and 5. Claims in Classes 1, 2 and 3 are Unimpaired, which means that Holders of such Claims will be unaffected by the Plan and are deemed to accept the Plan. Holders of Interests in UPP, PGR and Trans-Union Class 7 are not entitled to receive or retain any property under the Plan, but have agreed to support confirmation of the Plan pursuant to the Master Settlement Agreement. Accordingly, the votes of the Holders of such Interests will be solicited. Holders of Claims, if any, in Class 6 are not entitled to receive or retain any property under the Plan. Accordingly, under Section 1126(g) of the Bankruptcy Code, the votes of Holders of Class 6 Claims will not be solicited, and such Holders are deemed to reject the Plan. Interests in FC Class 7 are held only by Debtor UPP. Accordingly, the votes of Debtor UPP will not be solicited and such Class is deemed to have accepted the Plan.

Claims of the Debtors' trade creditors, unless specifically listed on Exhibit B to the Plan, are classified in Class 3 and will be Unimpaired (the "Unimpaired Unsecured Claims"). The Unimpaired Unsecured Claims are primarily held by trade creditors that will continue to do business with the Debtors. These trade creditors are vendors that the Debtors still utilize in the ordinary course of their business and, therefore, are critical to the Debtors' operations. Distributions to Holders of Allowed Unimpaired Unsecured Claims shall be funded as a carve out from and assignment pursuant to the Plan from the Cash that would otherwise be required to be paid to the Prepetition Banks under the Prepetition Credit Agreements. However, to the extent that distributions to Holders of Allowed Class 3 Claims would exceed the Maximum Class 3 Amount (which is equal to $500,000 in the aggregate with respect to all Debtors, then all Allowed Class 3 Claims shall be and become Impaired Other Unsecured Claims.

Based upon the valuation of the Debtors as set forth below and in Article X of this Disclosure Statement, the enterprise value of the Debtors is less than the aggregate amount of the Claims held by the Prepetition Banks, which Claims are secured by liens on substantially all of

the assets of the Debtors. Accordingly, the Prepetition Banks' Claims are secured Claims, but they are undersecured. As a result, pursuant to section 506 of the Bankruptcy Code, the Prepetition Banks have both secured Claims (the "Prepetition Banks Secured Claims") and unsecured deficiency Claims (the "Prepetition Banks Unsecured Deficiency Claims"). Under the Plan, the Prepetition Banks Secured Claims are classified in their own class as described below. The Prepetition Banks Unsecured Deficiency Claims are classified with the unsecured Claims of (i) a limited number of creditors with whom the Debtors have no significant ongoing business relationship, (ii) parties to leases and/or contracts with the Debtors that will be rejected pursuant to section 365 of the Bankruptcy Code, and (iii) TECO in the approximate amount of $185 million (the "Impaired Other Unsecured Claims"). For purposes of the Plan, the Allowed Prepetition Banks Secured Claims is $1,170,000,000; and the Allowed Prepetition Banks Unsecured Deficiency Claims is $405,083,550. The aggregate amount of Allowed Impaired Other Unsecured Claims is estimated to be approximately $590,083,550.

Although the Debtors' operations are fundamentally sound, the cash debt service obligations of the Debtors need to be reduced for the Debtors to survive during the next few years, when the markets the Debtors serve are expected to continue to have an overabundance of generating capacity. The Plan, described in detail below, restructures the existing obligations to the Prepetition Banks, substantially reducing cash debt service obligations until the maturities of the New Term A Loan Notes and New Term B Loan Notes. The Plan also provides the Debtors with a senior New Revolving Loan Facility of up to $30 million[1] and a senior New L/C Facility of up to $200 million, in each case in the aggregate for both Reorganized UPP and Reorganized PGR.

As described more fully below and subject to the conditions precedent described in the Plan, the Holders of Prepetition Banks Secured Claims will receive New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, New Term B L/C Notes and all of the Entegra Membership Interests on account of such Claims. See Sections VI.G and VI.H of this Disclosure Statement for a summary of the terms of each of the Entegra Membership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes and New Term B L/C Notes that are to be distributed to Holders of Prepetition Banks Secured Claims.

Upon consummation of the Plan, the balance sheets of Reorganized UPP and Reorganized PGR will be restructured to have essentially three tranches of secured debt under the New Credit Agreements in the following aggregate amounts for both Reorganized UPP and Reorganized PGR:

(1) $30 million New Revolving Loan Facility and $200 million New L/C Facility;

(2) $675 million in New Term A Loan Facility; and

---

[1] If for any reason any portion of the Release Fee as defined and described in the Master Release Agreement is instead diverted to the Debtors, than an equal and corresponding reduction will be made to the amount of the New Revolving Loan Facility. The remainder of this Disclosure Statement presumes that none of the Release Fee is diverted to any of the Debtors.

(3) $650 million in New Term B Loan Facility.

On the Effective Date, such secured debt will be divided between Reorganized UPP and Reorganized PGR as follows:

Tranche	Amount	Maturity Date	Interest Rate
UPP Debtor			
Tranche 1: New Revolving Loan Facility	$20,000,000	7 years	Greater of (a) 6% per annum or (b) Base Rate plus 4%
Tranche 1: New L/C Facility	$60,000,000	7 years	Greater of (a) 6% per annum or (b) Base Rate plus 4%
Tranche 2: New Term A Loan Facility	$250,000,000	7 years	4% coupon (Not Cash Pay/No Capitalization of Interest)
Tranche 3: New Term B Loan Facility	$240,000,000	15 years	9% coupon (Not Cash Pay/No Capitalization of Interest)
PGR Debtor			
Tranche 1: New Revolving Loan Facility	$10,000,000	7 years	Greater of (a) 6% per annum or (b) Base Rate plus 4%
Tranche 1: New L/C Facility	$140,000,000	7 years	Greater of (a) 6% per annum or (b) Base Rate

Tranche	Amount	Maturity Date	Interest Rate
			plus 4%
Tranche 2: New Term A Loan Facility	$425,000,000	7 years	4% coupon (Not Cash Pay/No Capitalization of Interest)
Tranche 3: New Term B Loan Facility	$410,000,000	15 years	9% coupon (Not Cash Pay/No Capitalization of Interest)

With respect to Holders of Allowed Class 5 Claims, the Plan provides for a distribution of $100,000.00 (and allocated $50,000 to each of PGR and UPP) in cash in the aggregate to Holders of the Prepetition Banks Unsecured Deficiency Claims and Impaired Other Unsecured Claims in complete satisfaction of such Claims.

E. The New Credit Agreements

If the Plan is consummated, on the Effective Date, PGR will enter into the New PGR Credit Agreement substantially in the form of Exhibit D to the Plan, and UPP will enter into the New UPP Credit Agreement substantially in the form of Exhibit E to the Plan. Each of the New Credit Agreements will include three tranches of debt, which equal the following amounts in the aggregate for both Reorganized UPP and Reorganized PGR: (1) a $30 million New Revolving Loan Facility and a $200 million New L/C Facility; (2) a $675 million New Term A Loan Facility; and (3) a $650 million New Term B Loan Facility. The maturity and interest rates of each tranche are specified in the chart above. With respect to the New Term B Loan Notes, the Debtors have the right, with the prior written consent or agreement on the record of the Administrative Agent (acting with the consent of a majority in number of the Steering Committee), to reduce the interest rate from 9% per annum to a rate not less than 4% per annum as may be necessary to satisfy the requirements of Section 1129(a) of the Bankruptcy Code.

Both the New Revolving Loan Facility and New L/C Facility will be joint facilities administered by the Prepetition Agent and shared by both Reorganized PGR and Reorganized UPP so that credit availability under these facilities can be allocated between them as needed from time to time. In addition, the letters of credit issued under the New L/C Facility can have an expiration date up to the expiration date of the facility.

As described more fully below, each of the Prepetition Banks will have their respective Prepetition Banks Secured Claims converted to New Term B Loan Notes, New Term

B L/C Notes and Entegra Membership Interests under the Plan. Each Prepetition Bank will also have the option to participate in the first priority New Revolving Loan Facility and New L/C Facility. Those Prepetition Banks that elect to take a proportionate share of both the New Revolving Loan Facility and New L/C Facility in an amount equal to their proportionate share of the Prepetition Project L/C Facility (the "Participating Banks") will be entitled to (i) convert a portion of their New Term B Loan Notes to New Term A Loan Notes in an amount equal to their Debt Allocation Percentages multiplied by the New Term A Loan Amount, and (ii) convert a portion of their New Term B L/C Notes to New Term A L/C Notes in an amount equal to their Old Proportionate Share multiplied by the New Term A L/C Amount. In addition, if a Prepetition Bank elects not to become a Participating Bank (a "Non-Participating Bank"), then Participating Banks may elect to take up such Non-Participating Bank's portion of the New Revolving Loan Facility and New L/C Facility and, in turn, convert additional third priority New Term B Loan Notes and New Term B L/C Notes to second priority New Term A Loan Notes and New Term A L/C Notes in an amount equal to those New Term A Loan Notes and New Term A L/C Notes that such Non-Participating Bank would have been entitled to obtain had it elected to become a Participating Bank. A schedule listing each Prepetition Bank's portion of the Entegra Membership Interests, New Term B Loan Notes, proportional participation amount in the New Revolving Loan Facility and New L/C Facility, and resulting amount of New Term A Loan Notes, assuming full participation by the Participating Banks, is attached to the Plan as Exhibit A.

The New Credit Agreements and the terms and conditions of each facility thereunder are further described in Section VI.H of this Disclosure Statement.

Notwithstanding anything in this Disclosure Statement or the Plan to the contrary, nothing in this Disclosure Statement or the Plan is, or shall be deemed to constitute, a discharge or release of the Debtors with respect to, or novation of, any of the Prepetition Credit Agreements Obligations, or cancellation of any of the Prepetition Credit Documents (other than the Prepetition Credit Agreements Notes). Except as expressly amended or modified by the Plan, all Prepetition Credit Documents, including, without limitation, mortgages, security agreements, pledges and guarantees and Prepetition Act 9 Bond Documents, including, without limitation, mortgages, leases and indentures, shall remain in full force and effect and shall, in their original form and as amended or modified pursuant to the Plan, secure the Obligations under the New Credit Agreements.

Moreover, all property of the Estate of the Debtors, including all claims, rights, and causes of action and any property acquired by the Debtors or the Reorganized Debtors under or in connection with the Plan, shall remain encumbered by and subject to the Prepetition Banks Liens which, as of the Effective Date, secure the repayment of the Obligations under the New Credit Agreements, and such Prepetition Banks Liens shall not be, and shall not be deemed to be, discharged or released on account of the Plan or the Chapter 11 cases.

F. Summary of Treatment of Claims and Interests Under the Plan

1. Overview of Treatment

As contemplated by the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified under the Plan. Allowed Administrative Claims are to be paid in full on the Effective Date, or, for ordinary course Administrative Claims, when such claims

become due. See Section VI.C for a summary of the treatment proposed under the Plan for Administrative Claims and Priority Tax Claims.

In addition, the Plan provides for payment in full of Non-Tax Priority Claims, Other Secured Claims, Unimpaired Unsecured Claims (to the extent such claims do not exceed the Maximum Class 3 Amount), and Senior Prepetition Banks Secured Claims or such other treatment that will not impair such Holders under section 1124 of the Bankruptcy Code.

Based, in part, on information provided by the Debtors and PA Consulting, Houlihan Lokey Howard & Zukin ("HLHZ"), financial advisor to the Debtors, has evaluated the reorganization value of the Debtors. The reorganization value of the Reorganized Debtors was assumed for the purposes of the Plan by the Debtors, based on the analyses used by HLHZ described below, to be $550 million to $620 million, with a midpoint of $585 million, with respect to PGR, $480 million to $550 million, with a midpoint of $515 million, with respect to UPP, and $1.03 billion to $1.17 billion, with a midpoint of $1.1 billion, on a consolidated basis. Based upon the reorganization value of the Reorganized Debtors' business and an assumed fair market value[2] of total debt of $670 million, the Debtors have employed an assumed equity value for the Reorganized Debtors of $360 million to $500 million, with a midpoint of $430 million, on a consolidated basis.

The foregoing valuations are based on a number of measured assumptions, including a successful reorganization of the Debtors' business operations and capital in a timely manner, the achievement of the forecasts reflected in the financial Projections, the outcome of certain expectations regarding market conditions, and the Plan becoming effective in accordance with its terms. The estimates of value represent hypothetical reorganization values of the Reorganized Debtors as the continuing operator of their business and assets, and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. The value of an operating business such as the Debtors' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business.

Kroll Zolfo, financial advisor to the Prepetition Agent, and PA Consulting, energy industry advisor to the Prepetition Agent, have reviewed the analysis of HLHZ and concur in the underlying assumptions and conclusions of HLHZ.

Estimated Claim amounts for each Class set forth below are based upon the Debtors' review of their books and records. With respect to the Impaired Other Unsecured Claims, such estimated claim amounts include estimates of Claims that are contingent, disputed, and/or unliquidated. It is estimated by the Debtors that the amount of Impaired Other Unsecured Claims that will ultimately be Allowed is approximately $590,083,550. If the aggregate amount of Impaired Other Unsecured Claims that are ultimately Allowed exceeds the Debtors' estimate,

---

[2] The fair market value of debt reflects a discount factor from face amount of new debt issued to account for the below market interest rates and the pay-in-kind features with respect to the New Term A Loan Facility and the New Term B Loan Facility.

the estimated percentage recovery set forth below for Holders of Allowed Impaired Unsecured Claims would be reduced. Accordingly, for these reasons, no representation can be or is being made with respect to whether the estimated percentage recoveries shown in the table below for Holders of Allowed Impaired Unsecured Claims will actually be realized by the Holders of Allowed Claims in that Class.

As discussed above, the Prepetition Banks Claims are bifurcated under the Plan into Prepetition Banks Secured Claims and Prepetition Banks Unsecured Deficiency Claims. The aggregate amount of distributions to be made on account of Prepetition Banks Secured Claims will be less than the total amount of prepetition obligations owed to the Prepetition Banks. Prepetition Banks Unsecured Deficiency Claims are Allowed in the aggregate amount of approximately $405,083,550, which will receive only a nominal recovery under the Plan. The estimated percentage recovery on account of the total amount of the Prepetition Banks Secured Claims is approximately 93.7% with respect to UPP, and 94.3% with respect to PGR, and the estimated percentage recovery on account of the total of the Prepetition Bank Claims (i.e., the Prepetition Banks Secured Claims and the Prepetition Banks Unsecured Deficiency Claims) is 69.8%.

The Debtors intend to seek to consummate the Plan and cause the Effective Date to occur by April 15, 2005. There can be no assurance, however, as to when or whether the Effective Date will occur.

The Debtors believe that the Plan provides distributions to all Classes of Claims that reflect an appropriate resolution of the Claims, taking into account the differing nature and priority of such Claims.

2. Classification of Debtors' Claims and Interests

The table below summarizes the classification and treatment of the Claims and Interests under the Plan, as well as the Debtors' estimates of the amount of Claims that will ultimately become allowed in each Class and an estimated percentage recovery for Holders of Claims in each Class. THE TABLE IS INTENDED FOR ILLUSTRATIVE PURPOSES ONLY AND DOES NOT ADDRESS ALL ISSUES REGARDING CLASSIFICATION, TREATMENT AND ULTIMATE RECOVERIES AND IS NOT A SUBSTITUTE FOR A REVIEW OF THE PLAN AND DISCLOSURE STATEMENT IN THEIR ENTIRETY. For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown in the table that follows. Accordingly, for these and other reasons, while the Debtors believe the information reflected below is based on a reasonable estimate of percentage recoveries, no representation can be or is being made with respect to whether the estimated percentage recoveries shown in the table below will actually be realized by the Holders of Allowed Claims in any particular Class. In addition, the Plan provides for certain Disputed Claims Reserves to be established with respect to Disputed Claims. As a result, the process of distributing all of the property to be distributed to Holders of Claims under the Plan will be completed over time.

a. **UPP Debtor**

Description and Amount of Claims or Interests	Summary of Treatment
UPP Class 1 (Non-Tax Priority Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: 100%**	UPP Class 1 consists of all Claims, other than Administrative Claims or Priority Tax Claims, that are entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code. Each Holder of an Allowed Non-Tax Priority Claim will receive either Cash equal to the amount of such Allowed Non-Tax Priority Claim or such other treatment that will leave the Allowed Non-Tax Priority Claim unimpaired under section 1124 of the Bankruptcy Code. A Holder of a Non-Tax Priority Claim will receive distributions under the Plan on the later of the Distribution Date or the date upon which its Non-Tax Priority Claim becomes an Allowed Claim.
UPP Class 2 (Other Secured Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: 100%**	Other Secured Claims are Claims (other than an Administrative Claim or Prepetition Banks Secured Claim) that are secured by a lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of the setoff, pursuant to section 553 of the Bankruptcy Code. Class 2 consists of separate subclasses for each Other Secured Claim that may exist against the Debtor. Each Holder of an Allowed Secured Claim will receive either Cash equal to the amount of such

Description and Amount of Claims or Interests	Summary of Treatment
	Allowed Secured Claim or such other treatment that will leave the Allowed Secured Claim as unimpaired under section 1124 of the Bankruptcy Code. The Holder of an Allowed Secured Claim will receive distributions under the Plan on the later of the Distribution Date or the date upon which the Secured Claim becomes an Allowed Claim.
UPP Class 3 (Unimpaired Unsecured Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $250,000** **Percentage Recovery: 100%**	UPP Class 3 consists of all Unsecured Non-Priority Claims that are not Administrative Claim, Priority Tax Claim, Non-Tax Priority Claim, Other Secured Claim, Prepetition Banks Secured Claim, Impaired Unsecured Claim, or Intercompany Claim. Each Holder of an Allowed Unimpaired Unsecured Claim will receive either Cash equal to the amount of such Allowed Unimpaired Unsecured Claim or such other treatment that will leave the Allowed Unimpaired Unsecured Claim as unimpaired under section 1124 of the Bankruptcy Code. The Holder of an Allowed Unimpaired Unsecured Claim will receive distributions under the Plan on the later of the Distribution Date or the date upon which the Unimpaired Unsecured Claim becomes an Allowed Claim. Distributions to Holders of Allowed Unimpaired Unsecured Claims shall be funded as a carve out and assignment pursuant to the Plan from the Cash that would otherwise be required to be paid to the Prepetition Banks under the Prepetition Credit Agreements, which distribution shall not exceed in the aggregate under the Plan for all Debtors the Maximum Class 3 Amount (which is equal to $500,000 in the aggregate for all Debtors). If such distributions would exceed the Maximum Class 3 Amount, then all Allowed Unimpaired Unsecured Claims shall be and become Impaired Other

Description and Amount of Claims or Interests	Summary of Treatment
	Unsecured Claims.
UPP Class 4 (Prepetition Banks Secured Claims) **(Impaired: entitled to vote)** **Estimated Amount of Claims: $550,000,000** **Percentage Recovery: 93.7%*** --- * The estimated percentage recovery takes into account that Creditors in UPP Class 4 and PGR Class 4, while receiving New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes and New Term B L/C Notes issued by Reorganized UPP and Reorganized PGR, respectively, receive under the Plan their pro rata share of Entegra Membership Interests based upon the aggregate Prepetition Banks Secured Claims.	UPP Class 4 consists of all Prepetition Banks Secured Claims. On the Effective Date, the Prepetition UPP Credit Agreement shall be deemed amended and restated in its entirety by the New UPP Credit Agreement in substantially the form attached as Exhibit E to the Plan. On the Effective Date, and in addition to the agreements described in Sections 5.9 and 5.13 of the Plan, each Holder of an Allowed Class 4 Claim shall receive on account of such Allowed Class 4 Claim: (1) its Debt Allocation Percentage of the New Term B Loan Notes issued by Reorganized UPP; (2) to each Holder of Project L/C Loans and Reimbursement Obligations, its Old Proportionate Share of the New Term B L/C Notes issued by Reorganized UPP; and (3) its Equity Allocation Percentage of the Entegra Membership Interests. Those Prepetition Banks that elect to take a proportionate share of both the New Revolving Loan Facility and New L/C Facility in an amount equal to their proportionate share of the Prepetition Project L/C Facility (the "Participating Banks") will be entitled to (i) convert a portion of their New Term B Loan Notes to New Term A Loan Notes in an amount equal to their Debt Allocation Percentage multiplied by the New Term A Loan Amount, and (ii) convert a portion of their New Term B L/C Notes to New Term A L/C Notes in an amount equal to their Old Proportionate Share multiplied by the New Term A L/C Amount. In addition, if a Prepetition Bank elects not to become a Participating Bank (a "Non-Participating Bank"), then Participating Banks may elect to take up such Non-Participating Bank's portion of the New Revolving Loan

Description and Amount of Claims or Interests	Summary of Treatment
	Facility and New L/C Facility and, in turn, convert additional third priority New Term B Loan Notes and New Term B L/C Notes to second priority New Term A Loan Notes and New Term A L/C Notes in an amount equal to those New Term A Loan Notes and New Term A L/C Notes that such Non-Participating Bank would have been entitled to obtain had it elected to become a Participating Bank. A schedule listing each Prepetition Bank's portion of the Entegra Membership Interests, New Term B Loan Notes, proportional participation amount in the New Revolving Loan Facility and New L/C Facility, and resulting amount of New Term A Loan Notes, assuming full participation by the Participating Banks, is attached to the Plan as Exhibit A.
UPP Class 5 (Impaired Unsecured Claims) **(Impaired: entitled to vote)** **Estimated Amount of Claims: $304,888,097** **Percentage Recovery: less than 1%**	UPP Class 5 consists of Impaired Other Unsecured Claims and Prepetition Banks Unsecured Deficiency Claims. Subject to the provisions of Article VIII of the Plan, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date if such Class 5 Claim is an Allowed Class 5 Claim on the Effective Date or (ii) the date on which such Class 5 Claim becomes an Allowed Class 5 Claim, each Holder of an Allowed Class 5 Claim shall receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Class 5 Claim, its Pro Rata share of the Class 5 Cash Amount.
UPP Class 6 (Subordinated Claims)	UPP Class 6 consists of Claims subject to subordination under Section 510(b) or (c) of the

Description and Amount of Claims or Interests	Summary of Treatment
(Impaired: deemed to reject) **Estimated Amount of Claims: $0.00** **Percentage Recovery: N/A**	Bankruptcy Code. Holders of Allowed Subordinated Claims shall not receive or retain any distribution or property on account of such Allowed Subordinated Claims.
UPP Class 7 (Old Partnership Interests) **(Impaired: entitled to vote)** **Percentage Recovery: 0%**	UPP Class 7 consists of Old Partnership Interests. Holders of Allowed Interests in Class 7 have agreed to support confirmation of the Plan pursuant to the Master Settlement Agreement. Accordingly, the votes of the Holders of such interests will be solicited. On the Effective Date, the Old Partnership Interests will be cancelled, and the Holders of Old Partnership Interests shall not receive or retain any distribution or property on account of such Old Partnership Interests.

b. **PGR Debtor**

Description and Amount of Claims or Interests	Summary of Treatment
PGR Class 1 (Non-Tax Priority Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: 100%**	PGR Class 1 consists of all Claims, other than Administrative Claims or Priority Tax Claims, that are entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code. The treatment is the same as that provided for Class 1 Claims by UPP Debtor above.

Description and Amount of Claims or Interests	Summary of Treatment
PGR Class 2A (Other Secured Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $4,000,000** **Percentage Recovery: 100%*** --- * This Claim represents unpaid real property taxes at the Gila Project that are payable over time pursuant to a contractual arrangement with applicable property taxing authorities.	PGR Class 2A consists of all Claims (other than an Administrative Claim or Prepetition Banks Secured Claim) that are secured by a lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of the setoff, pursuant to section 553 of the Bankruptcy Code. Class 2A consists of separate subclasses for each Other Secured Claim that may exist against the Debtor. The treatment is the same as that provided for Class 2 Claims by UPP Debtor above.
PGR Class 2B (Senior Prepetition Banks Secured Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $32,250,000*** **Percentage Recovery: 100%** --- *As of the Petition Date, $32,250,000 of	PGR Class 2B consists of all Senior Prepetition Banks Secured Claims. On the Effective Date, PGR or Reorganized PGR shall pay all Senior Project L/C Loans and Reimbursement Obligations in full in Cash through Project LC Loans (as defined in the New Credit Agreement) drawn and funded under the New Credit Agreement with Reorganized PGR, in each case in full satisfaction, settlement, discharge and release of, and in exchange for, such Senior Project LC Loans and Reimbursement Obligations.

Description and Amount of Claims or Interests	Summary of Treatment
letters of credit have been issued but remain undrawn. The Claim in this Class is contingent.	All outstanding undrawn letters of credit issued under the Senior Project L/C Credit Agreement shall be deemed issued and outstanding letters of credit under the New Credit Agreements with Reorganized PGR; in each case in full satisfaction, settlement, discharge and release of, and in exchange for, such Claims arising under the Senior Project L/C Credit Agreement. Any and all fees and other amounts due and payable under the Senior Project L/C Credit Agreement shall be paid in full in Cash on the Effective Date.
PGR Class 3 (Unimpaired Unsecured Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $250,000** **Percentage Recovery: 100%**	PGR Class 3 consists of all Unsecured Non-Priority Claims that are not Administrative Claim, Priority Tax Claim, Non-Tax Priority Claim, Other Secured Claim, Prepetition Banks Secured Claim, Impaired Unsecured Claim, or Intercompany Claim. The treatment is the same as that provided for Class 3 Claims by UPP Debtor above.
PGR Class 4 (Prepetition Banks Secured Claims) **(Impaired: entitled to vote)** **Estimated Amount of Claims: $620,000,000** **Percentage Recovery: 94.3%*** --- * The estimated percentage recovery takes into account that Creditors in UPP	PGR Class 4 consists of all Prepetition Banks Secured Claims. The treatment is the same as that provided for Class 4 Claims by UPP Debtor above.

Description and Amount of Claims or Interests	**Summary of Treatment**
Class 4 and PGR Class 4, while receiving New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes and New Term B L/C Notes issued by Reorganized UPP and Reorganized PGR, respectively, receive under the Plan their pro rata share of Entegra Membership Interests based upon the aggregate Prepetition Banks Secured Claims.	
PGR Class 5 (Impaired Unsecured Claims) **(Impaired: entitled to vote)** **Estimated Amount of Claims: $334,695,453** **Percentage Recovery: less than 1%**	PGR Class 5 consists of Impaired Other Unsecured Claims and Prepetition Banks Unsecured Deficiency Claims. The treatment is the same as that provided for Class 5 Claims by UPP Debtor above.
PGR Class 6 (Subordinated Claims) **(Impaired: deemed to reject)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: N/A**	PGR Class 6 consists of Claims subject to subordination under Section 510(b) or (c) of the Bankruptcy Code. The treatment is the same as that provided for Class 6 Claims by UPP Debtor above.
PGR Class 7 (Old Partnership Interests) **(Impaired: entitled to vote)** **Percentage Recovery: 0%**	PGR Class 7 consists of Old Partnership Interests. Holders of Allowed Interests in Class 7 have agreed to support confirmation of the Plan pursuant to the Master Settlement Agreement. Accordingly, the votes of the Holders of such interests will be solicited. The treatment is the same as that provided for

Description and Amount of Claims or Interests	Summary of Treatment
	Class 7 Claims by UPP Debtor above.

c. **Trans-Union**

Description and Amount of Claims or Interests	Summary of Treatment
TU Class 1 (Non-Tax Priority Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: 100%**	TU Class 1 consists of all Claims, other than Administrative Claims or Priority Tax Claims, that are entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code. The treatment is the same as that provided for Class 1 Claims by UPP Debtor above.
TU Class 2 (Other Secured Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: 100%**	TU Class 2 consists of all Claims (other than an Administrative Claim or Prepetition Banks Secured Claim) that are secured by a lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of the setoff, pursuant to section 553 of the Bankruptcy Code. Class 2 consists of separate subclasses for each Other Secured Claim that may exist against the Debtor. The treatment is the same as that provided for

Description and Amount of Claims or Interests	Summary of Treatment
	Class 2 Claims by UPP Debtor above.
TU Class 3 (Unimpaired Unsecured Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: 100%**	TU Class 3 consists of all Unsecured Non-Priority Claims that are not Administrative Claim, Priority Tax Claim, Non-Tax Priority Claim, Other Secured Claim, Prepetition Banks Secured Claim, Impaired Unsecured Claim, or Intercompany Claim. The treatment is the same as that provided for Class 3 Claims by UPP Debtor above.
TU Class 4 (Prepetition Guaranty Agreement Claims) **(Impaired: entitled to vote)**	TU Class 4 consists of all Claims arising under a Prepetition Guaranty Agreement. In addition to the agreements described in Sections 5.9 and 5.13 of the Plan, the Prepetition Guaranty Agreement and Prepetition Trans-Union Security Agreement, as well as all similar agreements, documents and contracts executed or delivered by, or on behalf of, Trans-Union, shall remain in full force and effect as guarantees of, and security for the repayment of, the Obligations under the New Credit Agreements, in each case in full satisfaction of the Allowed Class 4 Claims.
TU Class 5 (Impaired Unsecured Claims) **(Impaired: entitled to vote)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: N/A**	TU Class 5 consists of Impaired Other Unsecured Claims and Prepetition Banks Unsecured Deficiency Claims. The treatment is the same as that provided for Class 5 Claims by UPP Debtor above.

Description and Amount of Claims or Interests	Summary of Treatment
TU Class 6 (Subordinated Claims) **(Impaired: deemed to reject)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: N/A**	TU Class 6 consists of Claims subject to subordination under Section 510(b) or (c) of the Bankruptcy Code. The treatment is the same as that provided for Class 6 Claims by UPP Debtor above.
TU Class 7 (Old Partnership Interests) **(Impaired: entitled to vote)** **Percentage Recovery: 0%**	TU Class 7 consists of Old Partnership Interests. Holders of Allowed Interests in Class 7 have agreed to support confirmation of the Plan pursuant to the Master Settlement Agreement. Accordingly, the votes of the Holders of such interests will be solicited. The treatment is the same as that provided for Class 7 Claims by UPP Debtor above.

d. Finance Co.

Description and Amount of Claims or Interests	Summary of Treatment
FC Class 1 (Non-Tax Priority Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: 100%**	FC Class 1 consists of all Claims, other than Administrative Claims or Priority Tax Claims, that are entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code. The treatment is the same as that provided for Class 1 Claims by UPP Debtor above.

Description and Amount of Claims or Interests	Summary of Treatment
FC Class 2 (Other Secured Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: 100%**	FC Class 2 consists of all Claims (other than an Administrative Claim or Prepetition Banks Secured Claim) that are secured by a lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of the setoff, pursuant to section 553 of the Bankruptcy Code. Class 2 consists of separate subclasses for each Other Secured Claim that may exist against the Debtor. The treatment is the same as that provided for Class 2 Claims by UPP Debtor above.
FC Class 3 (Unimpaired Unsecured Claims) **(Unimpaired: deemed to accept)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: 100%**	FC Class 3 consists of all Unsecured Non-Priority Claims that are not Administrative Claim, Priority Tax Claim, Non-Tax Priority Claim, Other Secured Claim, Prepetition Banks Secured Claim, Impaired Unsecured Claim, or Intercompany Claim. The treatment is the same as that provided for Class 3 Claims by UPP Debtor above.
FC Class 4 (Prepetition Guaranty Agreement Claims)	FC Class 4 consists of all Claims arising under a Prepetition Guaranty Agreement. In addition to the agreements described in

Description and Amount of Claims or Interests	Summary of Treatment
(Impaired: entitled to vote)	Sections 5.9 and 5.13 of the Plan, the Prepetition Guaranty Agreement and Prepetition Bond Pledge Agreement, as well as all similar agreements, documents and contracts executed or delivered by, or on behalf of, Finance Co., shall remain in full force and effect as guarantees of, and security for the repayment of, the Obligations under the New Credit Agreements, in each case in full satisfaction of the Allowed Class 4 Claims.
FC Class 5 (Impaired Unsecured Claims) **(Impaired: entitled to vote)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: N/A**	FC Class 5 consists of Impaired Other Unsecured Claims and Prepetition Banks Unsecured Deficiency Claims. The treatment is the same as that provided for Class 5 Claims by UPP Debtor above.
FC Class 6 (Subordinated Claims) **(Impaired: deemed to reject)** **Estimated Amount of Claims: $0.00** **Percentage Recovery: N/A**	FC Class 6 consists of Claims subject to subordination under Section 510(b) or (c) of the Bankruptcy Code. The treatment is the same as that provided for Class 6 Claims by UPP Debtor above.
FC Class 7 (Old Membership Interests) **(Unimpaired: deemed to accept)**	FC Class 7 consists of Old Membership Interests. The Old Membership Interests in Finance Co. shall remain effective and outstanding and be owned and held by Reorganized UPP. Distributions to Holders of Allowed Old Membership Interests shall be funded as a

Description and Amount of Claims or Interests	Summary of Treatment
	carve out and assignment pursuant to the Plan from the distributions to which Holders of Allowed Class 4 Claims would otherwise be entitled.

THE DEBTORS AND PREPETITION AGENT BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST THE DEBTORS AND THUS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

3. Impaired Unsecured Claims

The Impaired Other Unsecured Claims will be Impaired and classified in Class 5 under the Plan. These Claims are comprised of: (i) Claims arising under leases and contracts that are to be rejected by the Debtors pursuant to section 365 of the Bankruptcy Code; (ii) Claims of parties with which the Company has no significant ongoing business relationships; (iii) the Allowed Prepetition Banks Unsecured Deficiency Claims; and (iv) the Claim of TECO in the approximate amount of $185 million. Thus, in the Company's business judgment, these Claims can be Impaired without adversely affecting the Company's ongoing business.

Claims of vendors, suppliers and other creditors with which the Company has ongoing operational relationships are critical to maintaining the value of the Company's ongoing businesses and thus are not being Impaired under the Plan. Such Claims are classified in Class 3 as Unimpaired Unsecured Claims under the Plan, and will not be affected by the Chapter 11 cases. Distributions to such Holders are funded as a carve out from and assignment pursuant to the Plan from the Cash that would otherwise be required to be paid to the Prepetition Banks under the Prepetition Credit Agreements, which distributions shall not exceed in the aggregate under the Plan for all Debtors the Maximum Class 3 Amount. If such distributions would exceed the Maximum Class 3 Amount, then all Allowed Unimpaired Unsecured Claims shall be and become Impaired Other Unsecured Claims. The Debtors do not presently believe that the amount of Allowed Unimpaired Unsecured Claims will exceed the Maximum Class 3 Amount.

III. PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims

This Disclosure Statement will be transmitted to Holders of Claims that are entitled under the Bankruptcy Code to vote on the Plan. Holders of Claims in Classes 4 and 5 of each Debtor are the only Holders of Claims or Interests that are entitled to vote on the Plan. The purpose of this Disclosure Statement is to provide adequate information to enable Holders of

such Claims to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan.

ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtors other than the information contained herein.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. Except with respect to the projections set forth in Appendix C to this Disclosure Statement (the "Projections") and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not intend to update the Projections; thus, the Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Projections. Further, the Debtors do not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement shall not under any circumstance imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

B. Solicitation Package

In soliciting votes for the Plan pursuant to this Disclosure Statement from the Holders of Claims in Classes 4 and 5, the Debtors will also send copies of the Plan and one or more Ballots (and return envelopes) to be used by you in voting to accept or to reject the Plan.

C. Voting Procedures and Ballots and Voting Deadline

After carefully reviewing the Plan, this Disclosure Statement and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. Please complete and sign your original Ballot (copies will not be accepted) and return it in the envelope provided.

THE VOTING DEADLINE IS [March 14], 2005 AT 5:00 P.M. (MOUNTAIN STANDARD TIME)

Each Ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded Ballot or Ballots sent to you with this Disclosure Statement.

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN THE VOTING DEADLINE BY KURTZMAN CARSON CONSULTANTS LLC (THE "VOTING AGENT") AT THE FOLLOWING ADDRESS:

Union Power Partners, L.P. Balloting
C/O KURTZMAN CARSON CONSULTANTS LLC
ATTN: Jonathan A. Carson
12910 Culver Blvd., Suite 1
Los Angeles, California 90066-6709

If you have any questions about (1) the procedure for voting your Claim or with respect to the packet of materials that you have received or (2) the amount of your Claim, or if you wish to obtain an additional copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact the Voting Agent at:

KURTZMAN CARSON CONSULTANTS LLC
ATTN: Jonathan A. Carson
12910 Culver Blvd., Suite 1
Los Angeles, California 90066-6709
Telephone: (310) 823-9000
Facsimilie: (310) 823-9133
jcarson@kccllc.com

Unless otherwise ordered by the Bankruptcy Court, Ballots that are signed, dated and timely received, but on which a vote to accept or reject the Plan has not been indicated, will not be counted. The Debtors, in their sole discretion, may request that the Voting Agent attempt to contact such voters to cure any such defects in the Ballots.

Except as provided below, unless the Ballot is timely submitted to the Voting Agent before the Voting Deadline together with any other documents required by such Ballot, the Debtors may, in their sole discretion, reject such Ballot as invalid, and therefore decline to utilize it in connection with seeking confirmation of the Plan.

In the event of a dispute with respect to any Impaired Claim, any vote to accept or reject the Plan cast with respect to such Claim will not be counted for purposes of determining whether the Plan has been accepted or rejected, unless the Bankruptcy Court orders otherwise.

FOR FURTHER INFORMATION AND INSTRUCTION ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE ARTICLE XII OF THIS DISCLOSURE STATEMENT.

D. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to section 1128 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3017(c), the Bankruptcy Court has scheduled the Confirmation Hearing for [_____], 2005 at [_:___], Prevailing Mountain Standard Time, before the Honorable [_____], located at the United States Bankruptcy Court, 230 North 1st Avenue, Courtroom ____, ___ floor, Phoenix, Arizona 85003-1706. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed, together with proof of service, with the Bankruptcy Court at Office of the Clerk of the Court, United States Bankruptcy Court, 230 North 1st Avenue, Suite 101, Phoenix, Arizona 85003-1706, and served so that they are **RECEIVED** on or before [_____], 2005 at [_:___], Prevailing Mountain Standard Time by the following parties (the "Notice Parties"):

Counsel for the Debtors

Craig D. Hansen
SQUIRE, SANDERS & DEMPSEY L.L.P.
Two Renaissance Square
40 North Central Avenue,
Suite 2700
Phoenix, Arizona 85004
Tel: (602) 528-4000
Fax: (602) 253-8129

Counsel for the Prepetition Agent

Ronald W. Hanson
LATHAM & WATKINS LLP
Sears Tower, Suite 5800
233 South Wacker Drive
Chicago, Illinois 60606
Tel: (312) 876-7700
Fax: (312) 993-9767

Counsel for TECO

Peter Neckles
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Four Times Square
New York, New York 10036
Tel: (212) 735-2466
Fax: (917) 777-2466

Counsel for the Official Committee of Unsecured Creditors

[_____]

United States Trustee

ATTN: Renee Shamblin
230 North First Avenue – Ste. 204
Phoenix, Arizona 85003-7016
Tel: (602) 682-2600
Fax: (602) 640-2217

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

IV. HISTORY AND STRUCTURE OF THE DEBTORS

A. Overview of Business Operations

1. General Description and Overview of the Debtors' Business

The Debtors own and operate the two largest combined-cycle natural gas generation facilities in the United States. Debtor PGR owns and operates a facility located in Gila Bend, Arizona (the "Gila Project"). Debtor UPP owns and operates a facility located in El Dorado, Arkansas (the "Union Power Station") and Debtor Trans-Union owns and operates a pipeline that transports natural gas to the Union Power Station (the "Trans-Union Pipeline" and, collectively with the Union Power Station, the "Union Project"). Debtor Finance Co. is a special purpose entity formed by UPP to facilitate a sale-leaseback transaction at the Union Project and thereby provide for substantial property tax savings for the Union Project, as more fully described in Section IV.D below. The Gila Project and the Union Project are collectively referred to herein as the "Projects."

The Projects have a total of 4,298 megawatts of generating capacity. The Projects were built from March, 2001 to July 2003 at a total cost of approximately $2.8 billion, consisting of $1.4 billion of non-recourse bank debt and approximately $1.4 billion of equity contributed by TECO, the ultimate parent company of the Debtors.

The Gila Project is a 2,146 MW natural gas-fired, combined-cycle facility located in Maricopa County, Arizona, about 70 miles southwest of Phoenix. The project is located on a 1,100-acre site and began full commercial operations July 2003. It sells its capacity primarily to northwestern Arizona and southern Nevada. Through various interconnections, the Gila Project can also sell into the southern California, Colorado and New Mexico markets.

Through the El Paso Natural Gas ("EPNG") system, the Gila Project utilizes natural gas supplies from the Permian, San Juan, and Anadarko supply basins. Gila River owns a 19-mile, 30-inch pipeline that directly connects the Gila Project to the EPNG mainline.

Transportation to the Gila Project is provided under both long term firm and shorter term interruptible contracts.

The Union Power Station is a 2,152 MW natural gas-fired, combined-cycle electric generating plant. The Union Power Station is located approximately 6 miles northeast of the city of El Dorado in the county of Union, Arkansas, in the south central part of the state. The facility began commercial operations in January 2003 and sells its capacity into the Arkansas, Georgia, Louisiana and Tennessee markets.

The Union Power Station is in a favorable natural gas supply location with access to various natural gas basins in Louisiana, the offshore Gulf Coast, southern Texas, eastern Texas, Mexico, and potential mid-continent and Canadian sources. Through Trans-Union, the Union Power Station is supplied by a 42-mile, 30-inch natural gas pipeline with a capacity of approximately 546,000 Mcf/d representing over 140% of the plant's peak daily usage. Trans-Union directly interconnects with the Texas Gas Transmission Pipeline ("TGT") and Regency Gas Intrastate Gas Pipeline ("RG") in Sharon, Louisiana. TGT and RG are each capable of delivering the project's full requirements to the Trans-Union Pipeline. Transportation to the Trans-Union Pipeline is provided under both long term firm and shorter term interruptible contracts.

Property taxes are abated by a sale-leaseback arrangement with Union County, Arkansas. Under this arrangement, the Union Project pays a minimal amount to Union County each year. The arrangement survives the transfer of the Union Project as long as the financing structure under the agreement is maintained. If this structure is terminated, the lease is automatically terminated, the leased assets will be acquired by the Union Project for a nominal amount and the Union Project will lose the benefits provided under the structure. Union County financed the sale-leaseback transaction through the issuance of 20-year fixed rate bonds (the "Bonds") to Finance Co., a wholly-owned special purpose subsidiary of UPP.

The flow of funds is as follows: UPP leases the assets from Union County, making periodic lease payments. Union County pays debt service on the Bonds equal to the lease payments, which are passed through Finance Co. and directly to UPP through an intercompany loan agreement.

2. Hedging Activities

The Debtors' businesses, including their costs of production and revenues, are highly sensitive to fluctuations in the price of energy-related commodities such as power and natural gas. To minimize their exposure to commodity price volatility and to ensure a stable supply of natural gas and a stable demand for the power they produce, the Debtors, like many energy companies, enter into hedging contracts in the ordinary course of their businesses. Such hedging contracts include forward contracts, option contracts and swaps, among others.

3. Services Agreements

Pursuant to Operations and Maintenance Agreements ("O&M Agreements"), TPS Arkansas Operations Company and TPS Arizona Operations Company, both wholly-owned, indirect subsidiaries of TECO, provide certain operations and maintenance services to the Union Project and the Gila Project, respectively. Services provided pursuant to the O&M Agreements

include, among other services, operating and maintaining the Projects, providing qualified on-site operating personnel, purchasing and replacing spare parts, tools and equipment and keeping financial, maintenance and operation records. On the Effective Date, the O&M Agreements will be terminated pursuant to the Master Settlement Agreement.

On January [__], 2005, UPP, PGR and Trans-Union entered into a Transition Services Agreement (the "TSA") with Gila River Transition Energy Management AssetCo, LLC ("AssetCo"), an indirect, wholly-owned subsidiary of TECO. Pursuant to the TSA, AssetCo provides certain transitional services related to the Projects on a temporary basis, including, among other services, asset management, accounting, and legal services. Pursuant to an Energy Management Contribution and Option Agreement between TECO and Citibank, N.A., as administrative agent of the Prepetition Banks, TECO granted Citibank, N.A. or its designee an option to acquire the equity interests in AssetCo and retain all of its employees. Upon the exercising of such option by Citibank, N.A., the TSA will terminate. See Appendix E for a chart of the Debtors' proposed post-petition capital structure.

In addition to the O&M Agreements and the TSA, TECO or its affiliates may provide ancillary services to the Projects at no more than agreed cost plus 10% basis as requested by the Debtors from time to time. Payments made by the Debtors to TECO or its affiliates under such arrangements are not material.

4. Gila Project

a. Asset Description

The Gila Project is a 2,146 MW natural gas-fired, combined-cycle facility located in Maricopa County, Arizona, about 70 miles southwest of Phoenix. The Gila Project is located on a 1,100-acre site and began full commercial operations July 2003. It sells its capacity primarily to the Arizona-New Mexico-southern Nevada subregion of WECC. Through various interconnections, Gila River can also sell into the southern California, Nevada, Colorado and New Mexico markets.

Gila River Fact Sheet

Category	Data	Category	Data
Location:	Maricopa County, Arizona	**Equipment:**	8 GE 7FA Combustion Turbines
NERC Region:	WECC		8 Alstom HRSG
Sub-Region:	Arizona-New Mexico-Southern Nevada		4 GE D11 Steam Turbines
Capacity:	2,146 MW	**Electric Interconnection:**	Two 500kV lines; one 230kV line owned by APS
Fuel:	Natural Gas	**Gas Transportation:**	El Paso Gas Pipeline connected via company's own pipeline lateral

Category	Data	Category	Data
Type:	Combined-Cycle	**Site:**	1,100 acres
Heat Rate:	7,104 Btu/kWh	**Plant Employees:**	51
Commercial Operations Date:	May-July 2003		
Construction Contractor:	NEPCO / SNC-Lavalin		

Power is produced by four (4) 536 MW power blocks configured in a 2-on-1 formation (2 combustion turbines ("CT"s) and 1 steam turbine per power block). The primary equipment for each power block is comprised of two General Electric (GE) model PG7241FA combustion turbines equipped with inlet foggers; two (2) three pressure level HRSGs from Alstom with supplemental duct firing; and one (1) GE model D11S33.5 condensing reheat steam turbine. In total, the Gila Project includes eight GE PG7241FAs, eight Alstom HRSGs, and four GE D11S33.5s.

The facility is located within the service territory of Arizona Public Service Corporation ("APS"). A high voltage switchyard connects the twelve power plant generators to APS' transmission system through two 500 KV and one 230 KV transmission lines owned by APS.

Water is supplied by a local aquifer through seven on-site wells. The Gila Project is a zero liquid discharge facility whereby all wastewater is fully treated with no off-site wastewater discharge required. Recovered water is recycled back into the plant process while waste is concentrated in solar evaporation ponds.

b. Gas Transportation

Through the El Paso Natural Gas ("EPNG") system, the Gila Project utilizes natural gas supplies from the Permian, San Juan, and Anadarko supply basins. PGR owns a 19-mile, 30-inch pipeline that directly connects the facility to the EPNG mainline. The 30-inch lateral is capable of providing delivery of natural gas for the maximum design requirements of the Gila River plant (~370,000 Mcf/d). Transportation to the facility is provided under both long term firm and shorter term interruptible contracts.

c. Electricity Interconnection and Transmission

PGR owns and operates a high voltage switchyard that connects the 12 generators to the APS transmission system. The Gila Project plant is interconnected to the Arizona transmission system by two 500 kV lines and through a new 230 kV substation (the "Panda" substation).

d. Permitting and Environmental

The Gila Project is fully licensed and has obtained all necessary federal, state and local environmental and construction permits and is in full compliance with required laws and regulations (except for certain emissions issues which the Gila Project is indemnified by TECO).

e. Construction History

National Energy Production Corp. ("NEPCO"), a wholly-owned subsidiary of Enron Corporation ("Enron"), was the original construction contractor for the Gila Project and began construction in 2001. Pursuant to a guarantee agreement, Enron guaranteed certain of NEPCO's obligations under NEPCO's construction contract with PGR. Following the bankruptcy filing by Enron in December, 2001, TECO replaced Enron as the construction contract guarantor in January 2002 and entered into a Construction Contract Undertaking pursuant to which it undertook to support certain of the obligations of NEPCO under NEPCO's construction contract. In May 2002, SNC-Lavalin Constructors Inc. ("SNC Lavalin") replaced NEPCO as the construction contractor and negotiated a time and materials contract for the remainder of the construction. The project was constructed in four (4) phases, and went into commercial operation on a block-by-block basis commencing with Phase 1 in May 2003 and completing with Phase 4 in July 2003.

5. Union Project

a. Asset Description

The Union Project is a 2,152 MW natural gas-fired, combined-cycle electric generating plant. The Project is located approximately 6 miles northeast of the city of El Dorado in the county of Union, Arkansas, in the south central part of the state. The facility began commercial operations in January 2003 and sells its capacity into the Entergy submarket of SERC.

Union Fact Sheet

Category	Data	Category	Data
Location:	Union County, Arkansas	**Equipment:**	8 GE 7FA CT
NERC Region:	SERC		8 Alstom HRSG
Sub-Region:	Entergy		4 GE D11 ST
Capacity:	2,152 MW	**Electric Interconnection:**	Two 500kV lines to Entergy Owned by the Project
Fuel:	Natural Gas	**Gas Transportation:**	Texas Gas / Regency Gas
Type:	Combined-Cycle	**Site:**	330 acres
Heat Rate:	7,064Btu/kWh	**Plant Employees:**	43
Commercial Operations Date	January-June 2003		
Construction Contractor:	NEPCO / SNC-Lavalin		

The Union Project consists of four (4) 538 MW power blocks, configured in a 2-on-1 format. The primary equipment for each power block is comprised of two General Electric (GE) model PG7241FA combustion turbines equipped with inlet foggers; two (2) three pressure level heat recovery steam generators (HRSG) from Alstom with supplemental duct firing; and one (1) GE model D11S33.5 condensing reheat steam turbine. In total, eight GE PG7241FAs, eight Alstom HRSGs, and four GE D11S33.5s are incorporated into the Union Project.

An open air-insulated high voltage switchyard connects the twelve power plant generators to the Entergy's transmission system through two 500 kV transmission lines owned by the Project.

The plant water supply (other than potable water) comes from the Ouachita River through a water treatment plant and pipeline that is owned by the Union County Water Conservation Board. Plant wastewater (excluding sanitary waste and turbine wash water) is treated for the removal of chlorine and monitored before it is discharged into the Ouachita River through a 5 mile pipeline.

b. Gas Transportation

The Union Project is in a favorable natural gas supply location with access to various natural gas basins in Louisiana, the offshore Gulf Coast, southern Texas, eastern Texas, Mexico, and potential mid-continent and Canadian sources. Through an affiliate of the Union Project, Trans-Union, the Union Project is supplied by a 42-mile, 30-inch natural gas pipeline with a capacity of approximately 546,000 Mcf/d representing over 140% of the plant's peak daily usage. Trans-Union directly interconnects with the Texas Gas Transmission Pipeline (TGT) and Regency Gas Intrastate Gas Pipeline (RG) in Sharon, LA. TGT and RG are each capable of delivering the project's full requirements to the Trans-Union Pipeline. Transportation to the Trans-Union pipeline is provided under both long term firm (see table below) and shorter term interruptible contracts.

c. Electricity Interconnection and Transmission

A high voltage switchyard (500 kV) connects the twelve power plant generators to Entergy's transmission system through two 500 kV transmission lines owned by the Union Project. Specifically, the plant connects into the Entergy Control area through the Entergy El Dorado EHV substation located adjacent to the Union Power site in El Dorado, AK. The project does not have any long-term firm transmission agreements.

d. Permitting and Environmental

The Union Project is fully licensed and has obtained all necessary federal, state and local environmental and construction permits and is in full compliance with required laws and regulations. Trans-Union Pipeline requires no environmental permits to operate.

e. Construction Status

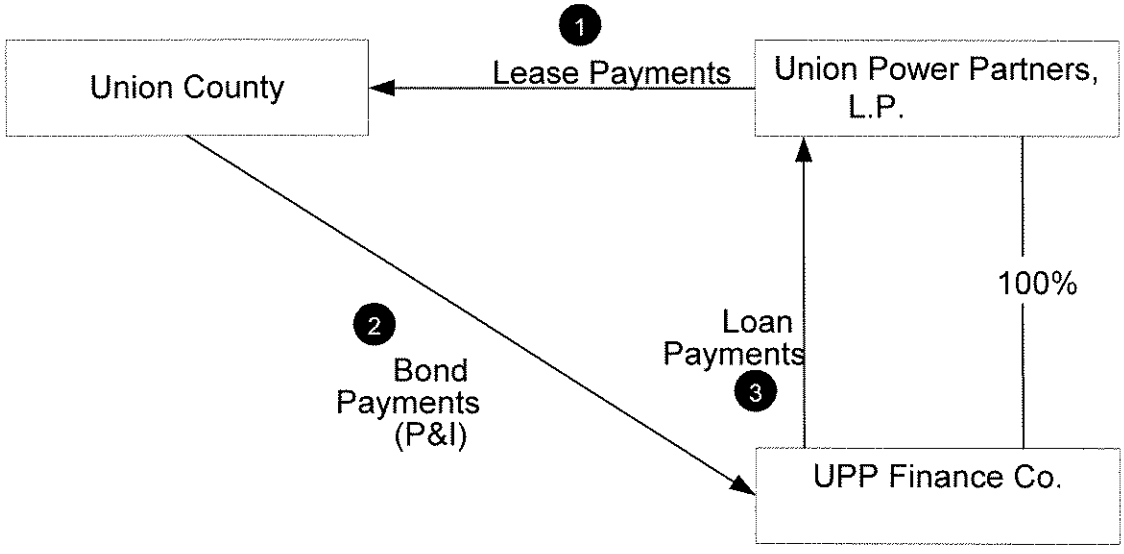
National Energy Production Corp. ("NEPCO"), a wholly-owned subsidiary of Enron Corporation ("Enron"), was the original construction contractor for the Union Project and began construction in 2001. Pursuant to a guarantee agreement, Enron guaranteed certain of NEPCO's obligations under NEPCO's construction contract with UPP. Following the bankruptcy filing by Enron in December, 2001, TECO replaced Enron as the construction

contract guarantor in January 2002 and entered into a Construction Contract Undertaking pursuant to which it undertook to support certain of the obligations of NEPCO under NEPCO's construction contract. In May 2002, SNC-Lavalin Constructors Inc. ("SNC Lavalin") replaced NEPCO as the construction contractor and negotiated a time and materials contract for the remainder of the construction. The project was constructed in four (4) phases, and went into commercial operation on a block-by-block basis commencing with Phase 1 in January 2003 and completing with Phase 4 in June 2003.

6. Finance Co.

As described below, property taxes are abated by a sale-leaseback arrangement with Union County, Arkansas. Under this arrangement, the Union Project pays a minimal amount to Union County each year. The arrangement survives the transfer of the Union Project as long as the financing structure under the agreement is maintained. If this structure is terminated, the lease is automatically terminated, the leased assets will be acquired by the Union Project for a nominal amount and the Union Project will lose the benefits provided under the structure. Union County financed the sale-leaseback transaction through the issuance of 20-year fixed rate bonds (the "Bonds") to Finance Co., a wholly-owned special purpose subsidiary of UPP.

The flow of funds, as shown below, is as follows: UPP leases the assets from Union County, making periodic lease payments (Step 1). Union County pays debt service on the Bonds (Step 2) equal to the lease payments, which are passed through Finance Co. and directly to UPP through an intercompany loan agreement (Step 3).



7. Trans-Union

As described in the Union Gas Transportation section, Trans-Union owns a 42-mile, 30-inch natural gas pipeline that supplies Union. Trans-Union has a capacity of approximately 546,000 Mcf/d that directly interconnects the project with the Texas Gas Transmission Pipeline (TGT) and Regency Gas Intrastate Gas Pipeline ("RG") in Sharon, LA. The Trans-Union pipeline is maintained and managed by a 3rd party provider for a nominal fee.

8. Prepetition Financial Results and Events Leading to Restructuring

The energy markets of today are significantly different than the expectations of early 2001 when the construction of the Projects commenced. Many companies that provided liquidity in energy commodities have exited from the merchant business and the pace of regulatory change has been much slower than expected. In addition, the markets served by the Projects currently suffer from an overabundance of generating capacity.

Actual consolidated EBITDA for the Projects in 2003 was a loss of $11 million and net income was $(100) million. In 2004, consolidated EBITDA is forecasted to be a loss of $43 million and net income is forecasted to be $(245) million.

By late 2003, it was apparent to both TECO and the holders of the bank debt that due to the dramatic downturn in the merchant energy industry, the Projects would be unable to service the existing bank debt for the foreseeable future. As both parties recognized there was no equity value to the projects as currently capitalized, the Debtors concluded a financial and operational restructuring could best be achieved through a Chapter 11 reorganization process.

For more detailed financial information relating to the Projects, refer to TECO's consolidated financial statements includes in its SEC Filings, which are available to the public at www.sec.gov or www.tecoenergy.com.

B. Capital Structure of the Company

1. Prepetition Equity

TECO is the indirect parent of TECO Panda Generating Company LP ("TPGC"). TPGC owns Union Power I, LLC, Union Power II, LLC, Panda Gila River I, LLC, Panda Gila River II, LLC, Trans-Union Interstate I, LLC and Trans-Union Interstate II, LLC. Union Power I, LLC and Union Power II, LLC own Debtor UPP, which in turn owns Debtor Finance Co. Panda Gila River I, LLC and Panda Gila River II, LLC own Debtor PGR. Trans-Union Interstate I, LLC and Trans-Union Interstate II, LLC own Debtor Trans-Union.

See Appendix D for a chart of the Debtors' prepetition ownership structure.

2. Material Prepetition Debt Obligations

Prepetition UPP Credit Agreement. UPP, as borrower, Citibank, N.A., as Administrative Agent (the "UPP Administrative Agent"), Societe Generale, as LC Bank, and each of the financial institutions party thereto (the "UPP Banks") are parties to that certain Union Power Project Credit Agreement, dated May 31, 2001 (as amended, restated, supplemented and otherwise modified from time to time prior to the date hereof, the "Prepetition UPP Credit Agreement"), pursuant to which the UPP Banks made loans to, and issued letters of credit for the benefit of, UPP from time to time, which loans and other obligations are secured by first priority liens on, among other things, all or substantially all of the assets of UPP.

Prepetition PGR Credit Agreement. PGR, as borrower, Citibank, N.A., as Administrative Agent (the "PGR Administrative Agent" and together with the UPP Administrative Agent, the "Prepetition Agent"), Societe Generale, as LC Bank, and each of the financial institutions party thereto (the "PGR Banks" and together with the UPP Banks, the "Prepetition Banks") are parties to that certain Gila River Project Credit Agreement, dated May

31, 2001 (as amended, restated, supplemented and otherwise modified from time to time prior to the date hereof, the "Prepetition PGR Credit Agreement"), pursuant to which the PGR Banks made loans to, and issued letters of credit for the benefit of, PGR from time to time, which loans and other obligations are secured by liens on, among other things, all or substantially all of the assets of PGR. The Prepetition UPP Credit Agreement and Prepetition PGR Credit Agreement are collectively defined as the "Prepetition Credit Agreements."

Senior Project L/C Credit Agreement. PGR, as borrower, Citibank, N.A., as Administrative Agent, Societe Generale, as LC Bank, and certain of the PGR Banks are parties to that certain Gila River Project Senior Project Letter of Credit Agreement, dated as of May 27, 2004 (as amended, restated, supplemented and otherwise modified from time to time prior to the date hereof, the "Senior Project L/C Credit Agreement"), pursuant to which certain of the PGR Banks issued letters of credit for the benefit of PGR from time to time, which loans and other obligations are secured by first priority liens on, among other things, all or substantially all of the assets of PGR. As described in Section VI.C.6 below, Claims arising under the Senior Project L/C Credit Agreement are classified separately from, and treated differently than, Claims arising under the Prepetition UPP Credit Agreement and/or Prepetition PGR Credit Agreement.

As of January 26, 2005, the principal balance outstanding under the UPP Credit Agreement was $685,371,540, plus accrued and unpaid interest of not less than $52,266,557; and the principal balance outstanding under the PGR Credit Agreement was $777,783,494, plus accrued and unpaid interest of not less than $59,661,959. The aggregate principal and accrued and unpaid interest outstanding under the Prepetition Credit Agreements, as of January 26, 2005, was not less than $1,575,083,550. The foregoing amounts do not include all of the fees, costs and other expenses to which the Prepetition Agent and the Prepetition Banks are entitled under the Prepetition Credit Agreements or other Prepetition Credit Documents or contingent obligations represented by outstanding letters of credit. As of the date hereof, there are issued and outstanding approximately $32,250,000 in letters of credit under the Senior Project L/C Credit Agreement with PGR, of which $0 have been drawn to date.

Pursuant to the Prepetition Credit Agreements and other Prepetition Credit Documents, the Obligations under each Prepetition Credit Agreement are guaranteed and secured by substantially all the assets of each of UPP, PGR, Trans-Union and Finance Co. Pursuant to the Senior Project L/C Credit Agreement, the obligations under the Senior Project L/C Credit Agreement are secured by first priority liens on, among other things, all or substantially all of the assets of PGR and PGR's Partnership Interests.

C. Corporate Structure of the Company

All of the Debtors are indirect, wholly-owned subsidiaries of TECO. Debtors UPP, PGR and Trans-Union are all Delaware limited partnerships. Debtor Finance Co. is a Delaware limited liability company.

See Appendix D for a chart depicting the prepetition ownership structure of TECO, the ultimate parent of the Debtors, and its subsidiaries.

V. THE CHAPTER 11 CASES

A. Continuation of Business; Stay of Litigation

Since the Petition Date, the Debtors have continued to operate as debtors-in-possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code. Under the Bankruptcy Code, the Debtors are required to comply with certain statutory reporting requirements, including the filing of monthly operating reports. As of the date hereof, the Debtors have complied with such requirements. The Debtors are authorized to operate their business in the ordinary course of business, with transactions out of the ordinary course of business requiring approval of the Bankruptcy Court.

An immediate effect of the filing of the Debtors' bankruptcy petitions was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by creditors, the enforcement of liens against property of the Debtors, and the continuation of litigation against the Debtors. This relief provides the Debtors with the "breathing room" necessary to assess and reorganize their business. The automatic stay remains in effect, unless modified by the Bankruptcy Court, until consummation of the Plan.

B. First Day Orders

On the first day hearing held in these Chapter 11 cases, the Debtors filed numerous motions seeking immediate relief. The Bankruptcy Court entered numerous "first day orders," certain of which are described below. First day orders are intended to facilitate the transition between a debtor's prepetition and postpetition business operations by approving certain regular business practices that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the Bankruptcy Court. Many of the first day orders obtained in these Chapter 11 cases are typical for large Chapter 11 cases.

The first day orders in these Chapter 11 cases authorized, among other things:

- the retention of the following professionals to serve on behalf of the Debtors: Squire, Sanders & Dempsey L.L.P. as restructuring counsel; HLHZ as financial consultant; and Kurtzman Carson Consultants, LLC as claims, noticing and solicitation agent;
- the continued retention of professionals regularly employed by the Debtors in the ordinary course of their business;
- the maintenance of the Debtors' bank accounts and operation of their cash management systems substantially as such systems existed prior to the Petition Date, the continued use of existing business forms, and the continuation of intercompany transactions with non-Debtor subsidiaries and affiliates;
- the continuation of utility services during the pendency of the Chapter 11 cases;

- payment of certain insurance obligations in the ordinary course of the Debtors' business;
- payment of certain prepetition property taxes in the ordinary course of business;
- payment of certain sales, use, and similar trust fund taxes in the ordinary course of business;
- the payment of the prepetition claims of certain essential vendors of the Debtors; and
- the consensual use of cash collateral and the granting of adequate protection to the Prepetition Agent.

C. Debtor-In-Possession Financing

On January [____], 2005, the Bankruptcy Court entered an order (the "DIP Financing Order") approving debtor-in-possession financing for PGR and UPP, as well as the use of the PGR Banks' and UPP Banks' cash collateral (as defined in section 363(a) of the Bankruptcy Code), respectively. The DIP Facility was critical to the Debtors' operations during the pendency of the Chapter 11 cases. The DIP Facility was on substantially similar terms as the Prepetition Credit Agreements, except as modified to comply with the Bankruptcy Code and Bankruptcy Rules or to the extent certain terms and condition were no longer appropriate in light of the commencement of these Chapter 11 cases.

Pursuant to the DIP Financing Order, the Debtors obtained the authority to borrower from the DIP Banks the following amounts of post-petition debtor-in-possession financing in the form of letters of credit:

a. PGR obtained the authority to borrow (1) up to $85 million in the form of letters of credit, less the amount of letters of credit that were issued as of the Petition Date and that remained outstanding from time to time under the Senior Project L/C Credit Agreement (the "Gila River Senior DIP Facility"), and (2) up to $100 million in the form of letters of credit, less the amount of letters of credit that were issued as of the Petition Date and that remained outstanding from time to time under the PGR Credit Agreement (the "Gila River DIP Facility"), and

b. UPP obtained the authority to borrow up to $80 million in the form of letters of credit, less the amount of letters of credit that were issued as of the Petition Date and that remained outstanding from time to time under the UPP Credit Agreement (the "Union Power DIP Facility," and, collectively with the Gila River Senior DIP Facility and the Gila River DIP Facility, the "DIP Facility").

The Gila River Senior DIP Facility is secured by liens on substantially all of the Debtors' assets, which liens are pari passu with the prepetition liens securing the obligations arising under the Senior Project L/C Credit Agreement. The Gila River DIP Facility is secured by liens on substantially all of the Debtors' assets, which liens are pari passu with the prepetition liens securing the obligations arising under the PGR Credit Agreement. The Union Power DIP Facility is secured by liens on substantially all of the Debtors' assets, which liens are pari passu with the prepetition liens securing the obligations arising under the UPP Credit Agreement. All

liens securing the DIP Facility are subject to the priorities set forth in Section 11 of the Amended and Restated Agency Coordination, Collateral Agency and Intercreditor Agreement among [_____] dated as of May 24, 2004.

Each of the prepetition guarantors of obligations arising under the Senior Project L/C Credit Agreement, the PGR Credit Agreement and UPP Credit Agreement have provided postpetition secured guaranties of the DIP Facility on substantially the same terms as the prepetition guaranties.

In addition to the DIP Facility, the DIP Financing Order also authorized the Debtors to use the cash collateral of the Prepetition Banks at the discretion of the Prepetition Agent. As adequate protection for the use of the cash collateral and the granting of the pari passu liens to secure the DIP Facility, the Prepetition Banks received post-petition replacement liens on all of the assets of the Debtors to the extent of collateral diminution and to secure payment of the Prepetition Agent's fees, costs and expenses.

The DIP Facility and the use of cash collateral under the DIP Financing Order will terminate on the earlier of (i) the effective date of a confirmed plan of reorganization in these cases or (ii) June 30, 2005, provided that the termination date may be extended to April 30, 2006 by the Required Banks under and as defined in the DIP Financing Order.

D. Appointment of Creditors' Committee

On [_____], 2005, the United States Trustee for the District of Arizona appointed, pursuant to section 1102(a) of the Bankruptcy Code, certain entities to the Official Committee of Unsecured Creditors (the "Creditors' Committee"). Members of the Creditors' Committee include the following: [_____]. On [_____], 2005, the Creditors' Committee retained [_____], as its counsel.

E. Motion to Approve Release Agreements.

On January 26, 2005, the Debtors filed a motion with the Bankruptcy Court for approval of the Master Release Agreement and the TECO Release of Project Companies Agreement. The Bankruptcy Court has scheduled a hearing on this motion for ____, 2005, at _____.

F. Other Material Relief Obtained During the Chapter 11 Cases

In addition to the relief described above, on January 26, 2005, the Debtors filed a motion with the Bankruptcy Court seeking an order authorizing the Debtors to: (i) continue entering into and performing hedging or "Safe Harbor" contracts in the ordinary course of business; (ii) continue providing credit support or collateral for their obligations under Safe Harbor contracts in the ordinary course of business; and (iii) establish procedures governing the settlement of terminated Safe Harbor contracts (the "Safe Harbor Motion"). The Court entered an order approving the Safe Harbor Motion on _____, 2005.

G. Rejection of Long Term Services Agreement

On _____, 2005, the Debtors filed a motion to reject (a) certain long term service agreements between General Electric International, Inc., PGR and UPP; and (b) certain long term service agreements between Aquila Merchant Services, PGR and UPP. The Bankruptcy Court has scheduled a hearing on this motion for ____, 2005.

VI. SUMMARY OF THE PLAN OF REORGANIZATION

The primary objectives of the Plan are to (a) alter the Debtors' debt and capital structures to permit them to emerge from their Chapter 11 cases with a viable capital structure; (b) maximize the value of the ultimate recoveries to all creditor groups on a fair and equitable basis; and (c) settle, compromise or otherwise dispose of certain Claims and Interests on terms that the Debtors believe to be fair and reasonable and in the best interests of their respective estates and creditors.

The Debtors believe that (a) through the Plan, Holders of Allowed Claims will obtain a substantially greater recovery from the estates of the Debtors than the recovery they would receive if the Debtors consummated an alternate plan or liquidated under Chapter 7 of the Bankruptcy Code, and (b) the Plan will afford the Debtors the opportunity and ability to continue their business as a viable going concern and preserve ongoing employment for employees.

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statements of such terms and provisions.

The Plan itself and the documents referred to therein control the actual treatment of Claims against and Interests in the Debtors under the Plan and will, upon the Effective Date, be binding upon all Holders of Claims against and Interests in the Debtors and their Estates, the Reorganized Debtors and other parties in interest. In the event of any conflict between this Disclosure Statement, on the one hand, and the Plan or any other operative document, on the other hand, the terms of the Plan and such other operative document are controlling.

A. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and interest holders. Another goal of Chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

The commencement of a Chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession."

The consummation of a plan of reorganization is the principal objective of a Chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any creditor of or equity security holder in the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefore the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

B. Overall Structure of the Plan

The Debtors believe that the Plan provides the best and most prompt possible recovery to the Debtors' Claim Holders. Under the Plan, Claims against and Interests in the Debtors are divided into different classes. If the Plan is confirmed by the Bankruptcy Court and consummated, on the Distribution Date, and at certain times thereafter as Claims are resolved, liquidated or otherwise allowed, the Debtors will make distributions in respect of certain Classes of Claims as provided in the Plan. The Classes of Claims against and Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan and distributions, if any, to be made under the Plan are described below.

C. Classification and Treatment of Claims and Interests

The Plan classifies Claims and Interests separately and provides different treatment for different Classes of Claims and Interests in accordance with the Bankruptcy Code. As described more fully below, the Plan provides, separately for each Class, that Holders of certain Claims will receive types of consideration based on the different rights of the Holders of Claims in each Class. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed 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 such Claim has not been paid, released or otherwise settled prior to the Effective Date.

Procedures for the distributions pursuant to the Plan, including matters that are expected to affect the timing of the receipt of distributions by Holders of Claims in certain Classes and that could affect the amount of distributions ultimately received by such Holders, are described in Section VI.D of this Disclosure Statement.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified.

1. Professional Fees

Professional Fees are Administrative Claims under section 330(a), 331, 503, or 1103 of the Bankruptcy Code for compensation of Professionals or other entities for professional

services rendered or expenses incurred in the Cases on or prior to the Effective Date. All payments to Professionals for Professional Fees will be made in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules and the Bankruptcy Court relating to the payment of interim and final compensation for services rendered and reimbursement of expenses. The Bankruptcy Court will review and determine all applications for compensation for services rendered and reimbursement of expenses.

In addition, section 503(b) of the Bankruptcy Code provides for payment of compensation to (a) creditors, indenture trustees and other entities making a "substantial contribution" to a Chapter 11 case and (b) attorneys for and other professional advisors to such entities. The amounts, if any, which may be sought by entities for such compensation are not known by the Debtors at this time. Requests for compensation must be approved by the Bankruptcy Court after a hearing on notice at which the Debtors and other parties in interest may participate and, if appropriate, object to the allowance of any compensation and reimbursement of expenses. All final applications for Professional Fees for services rendered in connection with the Chapter 11 cases prior to the Confirmation Date shall be filed no later than thirty (30) days after the Effective Date.

2. Administrative Claims

Generally. Administrative Claims are Claims for costs and expenses of administration of the Chapter 11 cases Allowed under section 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including: (a) any actual and necessary costs and expenses incurred after the Petition Date of preserving the Debtors' Estates and operating the businesses of the Debtors (such as wages, salaries and commissions for services and payments for inventory, leased equipment and premises); (b) compensation for legal, financial, advisory, accounting and other services and reimbursement of expenses Allowed by the Bankruptcy Court under section 330, 331 or 503(b) of the Bankruptcy Code to the extent incurred prior to the Effective Date; (c) all fees and charges assessed against the Debtors' Estates under section 1930, chapter 123 of title 28, United States Code; and (d) all amounts and obligations owed and outstanding under the DIP Credit Agreements.

Subject to the provisions of sections 330(a), 331, and 503(b) of the Bankruptcy Code, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date if such Administrative Claim is an Allowed Administrative Claim as of the Effective Date or (ii) the date on which such Administrative Claim becomes an Allowed Administrative Claim, each Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim, at the election of the applicable Debtor, (A) Cash equal to the unpaid portion of such Allowed Administrative Claim or (B) such other less favorable treatment to the Holders of an Allowed Administrative Claim as to which the applicable Debtor or Reorganized Debtor and the Holder of such Allowed Administrative Claim shall have agreed upon in writing; provided, however, that Allowed Administrative Claims incurred by the applicable Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto in the discretion of the applicable Debtor or Reorganized Debtor without further order of the Bankruptcy Court.

The Confirmation Order will establish an Administrative Claims Bar Date for filing Administrative Claims, which date will be thirty (30) days after the Effective Date. Holders of asserted Administrative Claims not paid prior to the Confirmation Date must submit proofs of Claim on or before such Administrative Claims Bar Date or be forever barred from doing so. The notice of Confirmation to be delivered pursuant to Bankruptcy Rules 3020(c) and 2002(f) will set forth such date and constitute notice of this Administrative Claims Bar Date. The Debtors, or the Reorganized Debtors, as the case may be, will have thirty (30) days (or such longer period as the Bankruptcy Court may allow) following the Administrative Claims Bar Date to review and object to such Administrative Claims before a hearing for determination of allowance of such Administrative Claims.

Claims Arising Under the DIP Credit Agreements. On the Effective Date, the applicable Debtor or Reorganized Debtor shall discharge all Claims arising under the DIP Credit Agreements as follows: (A) Senior Project L/C Loans and Reimbursement Obligations outstanding as of the Effective Date with respect to letters of credit issued after the Petition Date pursuant to the DIP Credit Agreements under the terms and priority of the Senior Project L/C Credit Agreement shall be paid in full in Cash in the same manner as PGR Class 2B Claims, (B) Project L/C Loans and Reimbursement Obligations outstanding as of the Effective Date with respect to letters of credit issued after the Petition Date pursuant to the DIP Credit Agreements under the terms and priority of the Prepetition Project L/C Facilities and Prepetition Credit Agreements shall be treated in the same manner as Prepetition Project L/C Loan and Reimbursement Obligations, (C) all outstanding undrawn letters of credit issued pursuant to the DIP Credit Agreements shall be deemed issued and outstanding letters of credit under the New Credit Agreements; in each case in full satisfaction, settlement, discharge and release of, and in exchange for, such Claims arising under the DIP Credit Agreements.

3. Priority Tax Claims

Priority Tax Claims are Claims for taxes entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

On, or as soon as reasonably practicable after, the later of (i) the Distribution Date if such Priority Tax Claim is an Allowed Priority Tax Claim as of the Effective Date or (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Priority Tax Claim, at the election of the applicable Debtor (A) Cash equal to the amount of such Allowed Priority Tax Claim; (B) such other less favorable treatment as to which the applicable Debtor or Reorganized Debtor and the Holder of such Allowed Priority Tax Claim shall have agreed upon in writing; or (C) such other treatment such that it will not be impaired pursuant to section 1124 of the Bankruptcy Code, including payment in accordance with the provisions of section 1129(a)(9)(C) of the Bankruptcy Code over a period of not more than six years from the date of assessment of any such Priority Tax Claim.

4. **Class 1: Non-Tax Priority Claims** (same treatment from each Debtor)

Non-Tax Priority Claims are Claims, other than Administrative Claims or Priority Tax Claims, that are entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code. Such Claims include (a) Claims for accrued employee compensation earned within ninety (90) days prior to the Petition Date to the extent of $4,925 per employee and (b) contributions to employee benefit plans arising from services rendered within one hundred eighty (180) days prior to the Petition Date, but only for each such plan to the extent of (i) the number of employees covered by such plan multiplied by $4,925, less (ii) the aggregate amount paid to such employees from the estates for wages, salaries or commissions.

The legal, equitable and contractual rights of the Holders of Class 1 Claims are unaltered by the Plan. On, or as soon as reasonably practicable after, the later of (i) the Distribution Date if such Class 1 Claim is an Allowed Class 1 Claim on the Effective Date or (ii) the date on which such Class 1 Claim becomes an Allowed Class 1 Claim, each Holder of an Allowed Class 1 Claim shall receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Class 1 Claim, at the election of the applicable Debtor: (A) Cash equal to the amount of such Allowed Class 1 Claim; (B) such other less favorable treatment as to which the applicable Debtor or Reorganized Debtor and the Holder of such Allowed Class 1 Claim shall have agreed upon in writing; or (C) such other treatment such that it will not be impaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Allowed Class 1 Claims incurred by the applicable Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto in the discretion of the applicable Debtor or Reorganized Debtor without further order of the Bankruptcy Court.

5. **Class 2 (and Class 2A for PGR Debtor): Other Secured Claims** (same treatment from each Debtor)

Secured Claims are Claims (other than an Administrative Claim or a Prepetition Banks Secured Claim) that are secured by a lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim Holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of the setoff, pursuant to section 553 of the Bankruptcy Code. Class 2 consists of separate subclasses for each Other Secured Claim that may exist against the applicable Debtor.

The legal, equitable and contractual rights of the Holders of Class 2 Claims are unaltered by the Plan. On, or as soon as reasonably practicable after, the later of (i) the Distribution Date if such Class 2 Claim is an Allowed Class 2 Claim on the Effective Date or (ii) the date on which such Class 2 Claim becomes an Allowed Class 2 Claim, each Holder of an Allowed Class 2 Claims shall receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Class 2 Claims, at the election of the applicable Debtor: (A) Cash equal to the amount of such Allowed Class 2 Claim; (B) such other less favorable treatment as to which the applicable Debtor or Reorganized Debtor and the Holder of such Allowed Class 2 Claim shall have agreed upon in writing; or (C) such other treatment such that it will not be

impaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Allowed Class 2 Claims incurred by the applicable Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto in the discretion of the applicable Debtor or Reorganized Debtor without further order of the Bankruptcy Court.

6. **Class 2B for PGR Debtor: Senior Project L/C Credit Agreement Claims**

On the Effective Date, PGR or Reorganized PGR shall pay all Senior Project LC Loans and Reimbursement Obligations in full in Cash through Project LC Loans (as defined in the New Credit Agreement) drawn and funded under the New Credit Agreement with Reorganized PGR, in each case in full satisfaction, settlement, discharge and release of, and in exchange for, such Senior Project LC Loans and Reimbursement Obligations. All outstanding undrawn letters of credit issued under the Senior Project L/C Credit Agreement shall be deemed issued and outstanding letters of credit under the New Credit Agreements with Reorganized PGR; in each case in full satisfaction, settlement, discharge and release of, and in exchange for, such Claims arising under the Senior Project L/C Credit Agreement. Any and all fees and other amounts due and payable under the Senior Project L/C Credit Agreement shall be paid in full in Cash on the Effective Date.

7. **Class 3: Unimpaired Unsecured Claims** (same treatment from each Debtor)

Unimpaired Unsecured Claims are Claims that are not an Administrative Claims, Priority Tax Claims, Non-Tax Priority Claims, Other Secured Claims, Prepetition Banks Secured Claims, Impaired Unsecured Claim, or Intercompany Claims.

The legal, equitable and contractual rights of the Holders of Class 3 Claims are unaltered by the Plan. On, or as soon as reasonably practicable after, the later of (i) the Distribution Date if such Class 3 Claim is an Allowed Class 3 Claim on the Effective Date or (ii) the date on which such Class 3 Claim becomes an Allowed Class 3 Claim, each Holder of an Allowed Class 3 Claim shall receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Class 3 Claim, at the election of the applicable Debtor: (A) Cash equal to the amount of such Allowed Class 3 Claim; (B) such other less favorable treatment as to which the applicable Debtor or Reorganized Debtor and the Holder of such Allowed Class 3 Claim shall have agreed upon in writing; or (C) such other treatment such that it will not be impaired pursuant to section 1124 of the Bankruptcy Code; provided, however, that Allowed Class 3 Claims incurred by the applicable Debtor in the ordinary course of business may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto in the discretion of the applicable Debtor or Reorganized Debtor without further order of the Bankruptcy Court. Distributions to Class 3 pursuant to Clauses (A), (B) and (C) above shall be funded as a carve out and assignment pursuant to the Plan from the Cash that would otherwise be required to be paid to the Prepetition Banks under the Prepetition Credit Agreements, which carve out and assignment shall not exceed in the aggregate under the Plan for all Debtors the Maximum Class 3 Amount. If such distributions pursuant to Clauses (A), (B) and (C) above to Holders of Allowed Class 3 Claims under the Plan would exceed the Maximum Class 3 Amount, then all Allowed Class 3 Claims shall be and become Impaired Other Unsecured Claims.

8. Class 4 for PGR and UPP: Prepetition Banks Secured Claims

Prepetition Banks Secured Claims means the secured Claims of the Prepetition Banks under the Prepetition Credit Agreements, which Claims shall be deemed Allowed pursuant to the Plan in the aggregate amount of $1,170,000,000, pursuant to section 506 of the Bankruptcy Code.

On the Effective Date, the Prepetition PGR Credit Agreement and Prepetition UPP Credit Agreement shall be deemed amended and restated in their entirety by the New PGR Credit Agreement and New UPP Credit Agreement, respectively, in substantially the form attached as Exhibit D and E to the Plan. On the Effective Date, and in addition to the agreements described in Sections 5.9 and 5.13 of the Plan, each Holder of an Allowed Class 4 Claim shall receive on account of such Allowed Class 4 Claim, (1) its Debt Allocation Percentage of the New Term B Loan Notes issued by Reorganized PGR and Reorganized UPP, provided, however, that each Participating Bank may convert an amount of New Term B Loan Notes to which it is entitled hereunder to New Term A Loan Notes in an amount equal to its Debt Allocation Percentage multiplied by the New Term A Loan Amount; (2) to each Holder of Project L/C Loans and Reimbursement Obligations, its Old Proportionate Share of the New Term B L/C Notes issued by Reorganized PGR and Reorganized UPP, provided, however, that each Participating Bank may convert an amount of New Term B L/C Notes to which it is entitled hereunder to New Term A L/C Notes in an amount equal to its Old Proportionate Share multiplied by the New Term A L/C Amount; and (3) its Equity Allocation Percentage of the Entegra Membership Interests. In addition, each Participating Bank whose New Proportionate Share is greater than its Old Proportionate Share may, solely for the purpose of determining: (a) the amount of New Term B Loan Notes which it is entitled to convert to New Term A Loan Notes, increase its Debt Allocation Percentage by adding to it an amount in percents equal to its Share of the L/C Funding Shortfall multiplied by the sum of the Debt Allocation Percentages held by all Non-Participating Banks; and (b) the amount of the New Term B L/C Notes which it is entitled to convert to New Term A L/C Notes, increase its Old Proportionate Share by adding to it an amount equal in percents equal to its Share of the L/C Funding Shortfall multiplied by the sum of the Old Proportionate Shares held by all Non-Participating Banks.

9. Class 4 for Trans-Union and Finance Co.: Prepetition Guaranty Agreement Claims

These are the Claims of the Prepetition Banks arising under the Prepetition Guaranty Agreements.

Trans-Union: In addition to the agreements described in Sections 5.9 and 5.13 of the Plan, the Prepetition Guaranty Agreement and Prepetition Trans-Union Security Agreement, as well as all similar agreements, documents and contracts executed or delivered by, or on behalf of, Trans-Union, shall remain in full force and effect as guarantees of, and security for the repayment of, the Obligations under the New Credit Agreements, in each case in full satisfaction of the Allowed Class 4 Claims.

Finance Co: In addition to the agreements described in Sections 5.9 and 5.13 of the Plan, the Prepetition Guaranty Agreement and Prepetition Bond Pledge Agreement, as well

as all similar agreements, documents and contracts executed or delivered by, or on behalf of, Finance Co., shall remain in full force and effect as guarantees of, and security for the repayment of, the Obligations under the New Credit Agreements, in each case in full satisfaction of the Allowed Class 4 Claims.

10. Class 5: Impaired Other Unsecured Claims and Prepetition Banks Unsecured Deficiency Claim

Subject to the provisions of Article VIII of the Plan, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date if such Class 5 Claim is an Allowed Class 5 Claim on the Effective Date or (ii) the date on which such Class 5 Claim becomes an Allowed Class 5 Claim, each Holder of an Allowed Class 5 Claim shall receive in full satisfaction, settlement, discharge and release of, and in exchange for, such Allowed Class 5 Claim, its Pro Rata share of the Class 5 Cash Amount.

11. Class 6: Subordinated Claims (same treatment from each Debtor)

Holders of Allowed Subordinated Claims shall not receive or retain any distribution or property on account of such Allowed Subordinated Claims.

12. Class 7: Old Partnership Interests in PGR, UPP and Trans-Union

On the Effective Date, the Old Partnership Interests will be cancelled, and the Holders of Old Partnership Interests shall not receive or retain any distribution or property on account of such Old Partnership Interests.

13. Class 7: Old Membership Interests in Finance Co.

The Old Membership Interests in Finance Co. shall remain effective and outstanding and be owned and held by Reorganized UPP. Distributions to Holders of Allowed Old Membership Interests shall be funded as a carve out and assignment pursuant to the Plan from the distributions to which Holders of Allowed Class 4 Claims would otherwise be entitled.

14. Special Provision Regarding Unimpaired Claims

Except as otherwise provided in the Plan, nothing shall affect the Debtors' or Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments against Unimpaired Claims.

15. Special Provision Regarding Prepetition Banks Claims and Liens

a. No Discharge, Release or Novation of Prepetition Credit Agreements Obligations; Conforming Amendments to Prepetition Credit Documents

Notwithstanding anything in the Plan to the contrary, nothing in the Plan is, or shall be deemed to constitute, a discharge or release of the Debtors with respect to, or novation

of, any of the Prepetition Credit Agreements Obligations, or cancellation of any of the Prepetition Credit Documents (other than the Prepetition Credit Agreements Notes). Except as expressly amended or modified by the Plan, all Prepetition Credit Documents, including, without limitation, mortgages, security agreements, pledges and guarantees, and Prepetition Act 9 Bond Documents, including, without limitation, mortgages, leases and indentures, shall remain in full force and effect and shall, in their original form and as amended or modified pursuant to the Plan, secure the Obligations under the New Credit Agreements, and, at the written request of the Prepetition Agent, the Reorganized Debtors shall execute and deliver conforming amendments to such documents in order to implement the same, all without further order of the Bankruptcy Court.

b. No Discharge and No Release of Prepetition Banks Liens

Notwithstanding anything in the Plan to the contrary, all property of the Estate of the Debtors, including all claims, rights, and causes of action and any property acquired by the Debtors or the Reorganized Debtors under or in connection with the Plan, shall remain encumbered by and subject to the Prepetition Bank Liens which, as of the Effective Date, secure the repayment of the Obligations under the New Credit Agreements, and such Prepetition Bank Liens shall not be, and shall not be deemed to be, discharged or released on account of the Plan or the Chapter 11 cases.

c. Guarantees, Security Agreements and Pledges by Entegra and its Subsidiaries

On the Effective Date, Entegra and its subsidiaries, including, without limitation, the New Partners, shall execute and deliver guarantees substantially in the form attached as Exhibit R to the Plan and security agreements and pledges substantially in the form attached as Exhibits S and T to the Plan, respectively, which guarantee, and grant security interests and liens in all their respective assets to secure, repayment of the Obligations under the New Credit Agreements. On the Effective Date, Entegra shall accept and enter into the Representation and Indemnity Agreement.

d. Union Bonds

To facilitate the implementation of the terms of the Plan, including the preservation of certain exemptions from ad valorem property taxes, on or as soon as reasonably practicable after the Effective Date, UPP and Finance Co. shall be authorized and directed to execute and deliver: (i) the Restated UPP Lease Agreement, (ii) the Restated Intercompany Loan Agreement, (iii) the Restated Union Bond Indenture, and (iv) all other Restated Union Bond Documentation, as applicable, in form and substance acceptable to the Prepetition Agent. UPP and Finance Co. shall be authorized and directed to execute and deliver any and all instructions and consents to the Union Bond Trustee and the Union Issuer as are necessary and appropriate to effectuate the execution of the Restated Union Bond Documentation.

D. Method of Distribution Under the Plan

1. Sources of Cash for Plan Distributions

Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for Reorganized Debtors to make payments pursuant to the Plan shall be obtained from existing Cash balances, the operations of the Debtors and the Reorganized Debtors, or the New Credit Agreements. To the extent permitted by the New Credit Agreements, the Reorganized Debtors may also make such payments using Cash received from their subsidiaries through the Reorganized Debtors' consolidated cash management systems.

2. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided herein or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Distribution Date or as soon thereafter as is practicable. Any distribution to be made on the Effective Date pursuant to the Plan shall be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to Section 8.4 of the Plan. Notwithstanding the date on which any distribution of securities is made to a Holder of a Claim that is an Allowed Claim on the Effective Date, such Holder shall be deemed to have the rights of a Holder of such securities distributed as of the Effective Date only as of the date of the distribution.

3. No Post-petition Interest on Claims

Unless otherwise specifically provided for in the Plan or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no Holder of a Claim (other than a Holder of an Administrative Claim under the DIP Credit Agreements with respect to such Administrative Claims) shall be entitled to interest accruing on or after the Petition Date on any Claim.

4. Distributions by the Reorganized Debtors

Other than as specifically set forth below, the Reorganized Debtors or the Disbursing Agent shall make all distributions required to be distributed under the Plan. Distributions on account of Prepetition Banks Claims shall be made to the Prepetition Agent. The Reorganized Debtors may employ or contract with other entities to assist in or make the distributions required by the Plan.

5. Delivery of Distributions and Undeliverable or Unclaimed Distributions

a. Delivery of Distributions in General

Distributions to Holders of Allowed Claims shall be made at the addresses set forth in the Debtors' records unless such addresses are superseded by proofs of claim or transfers of claim filed pursuant to Bankruptcy Rule 3001.

b. Undeliverable and Unclaimed Distributions

(1) *Holding of Undeliverable and Unclaimed Distributions*. If the distribution to any Holder of an Allowed Claim is returned to the Disbursing Agent as undeliverable or is otherwise unclaimed, no further distributions shall be made to such Holder unless and until the Disbursing Agent is notified in writing of such Holder's then current address.

(2) *After Distributions Become Deliverable*. The Disbursing Agent shall make all distributions that have become deliverable or have been claimed since the Distribution Date as soon as practicable after such distribution has become deliverable or have been claimed.

(3) *Failure to Claim Undeliverable Distributions*. Any Holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable or unclaimed distribution within one (1) year after the Effective Date shall be deemed to have forfeited its claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed distribution against the Debtors or their Estates, the Reorganized Debtors or their property. In such cases, any Cash for distribution on account of such claims for undeliverable or unclaimed distributions shall become the property of the Estates free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary, but in all events subject to the Prepetition Banks Liens. Any Cash, Entegra Membership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and/or New Term B L/C Notes held for distribution on account of such Claim shall be canceled and of no further force or effect. Nothing contained in the Plan shall require the Debtors, Reorganized Debtors, or any Disbursing Agent to attempt to locate any Holder of an Allowed Claim.

6. Record Date for Distributions

The Disbursing Agent and the Reorganized Debtors will have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes herein to recognize and distribute securities, property, notices and other documents only to those Holders of Allowed Claims who are Holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date. The Disbursing Agent and the Reorganized Debtors shall be entitled to recognize and deal for all purposes under the Plan with only those record holders stated on the official claims register as of the close of business on the Distribution Record Date.

7. Means of Cash Payment

Payments of Cash made pursuant to the Plan shall be in U.S. dollars and shall be made, at the option and in the sole discretion of the Reorganized Debtors, by (a) checks drawn on, or (b) wire transfer from, a domestic bank selected by the Reorganized Debtors. Cash

payments to foreign creditors may be made, at the option of the Reorganized Debtors, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

8. Withholding and Reporting Requirements

In connection with the Plan and all distributions hereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. All persons holding Claims or Interests shall be required to provide any information necessary to effect information reporting and the withholding of such taxes. Notwithstanding any other provision of the Plan to the contrary, (i) each Holder of an Allowed Claim shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution, and (ii) no distribution shall be made to or on behalf of such Holder pursuant to the Plan unless and until such Holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations. Any Cash, Entegra Membership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and/or New Term B L/C Notes to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution pursuant to Section 6.4 of the Plan.

9. Setoffs

Except as may be required to satisfy the conditions to the Effective Date set forth in Section 9.2, the Reorganized Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy laws, but shall not be required to, set off against any Claim, the payments or other distributions to be made pursuant to the Plan in respect of such Claim, or claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such Holder.

10. Fractional Shares

No fractional shares of Entegra Membership Interests shall be distributed. Where a fractional share would otherwise be called for, the actual issuance shall reflect a rounding up (in the case of .50 or more than .50) of such fraction to the nearest whole Entegra Membership Interests share or a rounding down of such fraction (in the case of less than .50).

11. Surrender of Prepetition Credit Agreements Notes and Canceled Instruments of Securities

a. Generally

As a condition precedent to receiving any distribution pursuant to the Plan on account of an Allowed Claim evidenced by (i) the Prepetition Credit Agreements Notes, or (ii)

instruments, securities, or other documentation canceled pursuant to Section 5.3 of the Plan, the Holder of such Claim shall tender the applicable Prepetition Credit Agreements Notes, or other instruments, securities, or other documentation evidencing such Claim to the Reorganized Debtors unless waived in writing by the Debtors or the Reorganized Debtors, as applicable. Any Cash, Entegra Membership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and/or New Term B L/C Notes to be distributed pursuant to the Plan on account of any such Claim shall, pending such surrender (or in the case of the Entegra Membership Interests, payment of any nominal fee required by the New Limited Liability Company Agreement of Entegra), be treated as an undeliverable distribution pursuant to Section 6.4 of the Plan.

b. Failure to Surrender Security Instrument

Any Holder of a Claim that fails to surrender or is deemed to have failed to surrender the applicable security required to be tendered hereunder within one (1) year after the Effective Date shall have its Claim and its distribution pursuant to the Plan on account of such Claim discharged and shall be forever barred from asserting any such Claim against the Reorganized Debtors or their respective property. In such cases, any Cash, Entegra Membership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and/or New Term B L/C Notes held for distribution on account of such Claim shall be disposed of pursuant to Section 6.4 of the Plan.

12. Lost, Stolen, Mutilated, or Destroyed Debt Securities

In addition to any requirements under any applicable agreement and applicable law, any Holder of a Claim evidenced by a security that has been lost, stolen, mutilated, or destroyed shall, in lieu of surrendering such security, deliver to (i) the Prepetition Agent in the case of the Prepetition Credit Agreements Notes, and (ii) the Reorganized Debtors in the case of other instruments, securities, or other documentation, (x) evidence reasonably satisfactory to the Prepetition Agent or Reorganized Debtors, as applicable, of the loss, theft, mutilation, or destruction; and (y) such security or indemnity as may be required by the Prepetition Agent or Reorganized Debtors, as applicable, to hold the Prepetition Agent or Reorganized Debtors, as applicable, harmless from any damages, liabilities, or costs incurred in treating such individual as a Holder of an Allowed Claim. Upon compliance with Section 6.12 of the Plan by a Holder of a Claim evidenced by a security, such Holder shall, for all purposes under the Plan, be deemed to have surrendered such note, debenture, or equity.

13. Failure to Execute and Deliver Certain Agreements

Each Debtor or the Prepetition Agent shall make available to all Holders of a Prepetition Banks Secured Claim signature pages for the New Limited Liability Company Agreement for Entegra and the New Credit Agreements within five (5) days after the Confirmation Date. Any Holder of a Prepetition Banks Secured Claim that fails to execute and deliver (i) to Entegra, the New Limited Liability Company Agreement for Entegra and (ii) to the Reorganized Debtors and the Administrative Agent under the New Credit Agreements, the New Credit Agreements, in each case by the date which is the fifteenth day after the Confirmation Date, plus one day added to such fifteen (15) days for each day after the tenth day following the

Confirmation Date that a stay of the Confirmation Order is in effect, shall have its Claim and its distribution pursuant to the Plan on account of such Claim discharged and shall be forever barred and enjoined from asserting any such Claim against the Reorganized Debtors, Entegra, Entegra's subsidiaries, or their respective property. In such cases, any Cash, Entegra Membership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and/or New Term B L/C Notes held for distribution on account of such Claim shall be cancelled and of no further force or effect, and any Cash that would otherwise be distributed to such Holder shall be disposed of pursuant to Section 6.4 of the Plan.

E. Resolution of Disputed, Contingent and Unliquidated Claims

1. Objection Deadline; Prosecution of Objections

No later than the Claims Objection Deadline (unless extended by an order of the Bankruptcy Court), the Debtors or the Reorganized Debtors, as the case may be, shall file objections to Claims with the Bankruptcy Court and serve such objections upon the Holders of each of the Claims to which objections are made; provided, however, the Debtors and Reorganized Debtors shall not object to Claims which are Allowed pursuant to the Plan. Nothing contained herein, however, shall limit the Reorganized Debtors' right to object to Claims, if any, filed or amended after the Claims Objection Deadline. The Debtors and the Reorganized Debtors shall be authorized to, and shall, resolve all Disputed Claims by withdrawing or settling such objections thereto, or by litigating to judgment in the Bankruptcy Court, or such other court having jurisdiction, the validity, nature, and/or amount thereof.

2. No Distributions Pending Allowance

Notwithstanding any other provision of the Plan to the contrary, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

3. Disputed Claims Reserve; Disputed Interest Reserve

Prior to making any distributions to Holders of Allowed Impaired Unsecured Claims, the Disbursing Agent shall establish appropriate reserves for Disputed Claims in each such Class by withholding from any such distributions an amount equal to 100% of distributions to which Holders of Disputed Claims in each such Class would be entitled under the Plan as of such date if such Disputed Claims were Allowed Claims in their Disputed Claim Amount; provided, however, that the Debtors and the Reorganized Debtors shall have the right to file a motion seeking to modify any Disputed Claim Amounts. The Disbursing Agent shall also establish appropriate reserves for Disputed Claims in other Classes as it determines necessary and appropriate.

4. Distributions on Account of Disputed Claims Once They Are Allowed and Additional Distributions on Account of Previously Allowed Claims

On each Quarterly Distribution Date (or such earlier date as determined by the Reorganized Debtors in their sole discretion but subject to Section 8.2 of the Plan), the

Reorganized Debtors will make distributions from the Disputed Claims Reserve, (a) on account of any Disputed Claim that has become an Allowed Claim during the preceding calendar quarter, and (b) on account of previously Allowed Claims of property that would have been distributed to the Holders of such Claim on the dates distributions previously were made to Holders of Allowed Claims in such Class had the Disputed Claims that have become Allowed Claims been Allowed on such dates. Such distributions will be made pursuant to the applicable provisions of Section 3.3 of the Plan.

F. Means for Implementation of the Plan

1. Formation of New Partners

On or prior to the Effective Date, the Debtors shall form, or cause to be formed, Entegra, and shall form, or cause to be formed, New Union Power, New Gila River Power, and New Trans-Union Pipeline, in each case as subsidiaries of Entegra and pursuant to the following limited liability company agreements, or in substantially similar form (as amended, restated, supplemented and otherwise modified from time to time):

a. New Union Power: Exhibit F to the Plan;

b. New Gila River Power: Exhibit G to the Plan;

c. New Trans-Union Pipeline: Exhibit H to the Plan;

d. Entegra: Exhibit I to the Plan

2. Continued Legal Existence and Vesting of Assets in the Reorganized Debtors

After the Effective Date, the Reorganized Debtors shall continue to exist as separate legal entities in accordance with the applicable law in the respective jurisdiction in which they are formed and pursuant to their respective certificates of limited partnership or formation in effect prior to the Effective Date. Notwithstanding anything to the contrary in the Plan, the Unimpaired Claims of a particular Debtor or Reorganized Debtor shall remain the obligations solely of such Debtor or Reorganized Debtor and shall not become obligations of any other Debtor or Reorganized Debtor solely by virtue of the Plan or the Chapter 11 Cases. Except as otherwise provided in the Plan, on and after the Effective Date, all property of the Estate of the Debtors, including all claims, rights, and causes of action and any property acquired by the Debtors or the Reorganized Debtors under or in connection with the Plan, shall vest in the Reorganized Debtors free and clear of all Claims, security interests, liens, charges, other encumbrances, and Interests, but in all events encumbered by and subject to the Prepetition Banks Liens which, as of the Effective Date, secure the repayment of the Obligations under the New Credit Agreements. On and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property and compromise or settle any Claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by the New Credit Agreements, the Plan or the Confirmation Order.

3. Cancellation of Old Partnership Interests and Issuance of New Partnership Interests to New Partners

a. On the Effective Date but subject to the terms of Section 5.11 of the Plan, (i) the Old Partnership Interests shall be cancelled and (ii) the obligations of the Debtors under any agreements, documents, contracts or certificates of designation governing the Old Partnership Interests shall be discharged. As of the Effective Date but subject to the terms of Section 5.11 of the Plan, all Old Partnership Interests that have been authorized to be issued but that have not been issued shall be deemed cancelled and extinguished without any further action of any party or order of the Bankruptcy Court.

b. On the Effective Date and in accordance with the terms of the Plan and the New Limited Partnership Agreements, the following New Partnership Interests shall be issued to the New Partners:

(1) Reorganized UPP shall issue the New Reorganized UPP General Partnership Interests to New Union Power and the New Reorganized UPP Limited Partnership Interests to Entegra.

(2) Reorganized PGR shall issue the New Reorganized PGR General Partnership Interests to New Gila River Power and the New Reorganized PGR Limited Partnership Interests to Entegra.

(3) Reorganized Trans-Union shall issue the New Reorganized Trans-Union General Partnership Interests to New Trans-Union Pipeline and the New Reorganized Trans-Union Limited Partnership Interests to Entegra.

4. Governance, Directors, Officers, and Authority to Act

a. Certificates of Limited Partnership and Formation

The certificates of limited partnership and formation of each of the Debtors shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. After the Effective Date, such certificates may be amended and restated as permitted by applicable law.

b. Directors and Officers of the Reorganized Debtors

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the initial officers of each Reorganized Debtor shall be the officers of the applicable Debtors immediately prior to the Effective Date. On the Effective Date, the board of directors of Entegra shall have five (5) members, all of whom are listed on Plan Schedule 5.4(b) (which list shall be approved by, and may be amended by the Debtors prior to the Confirmation Hearing with the consent of, the Prepetition Agent given in writing or on the record in the Chapter 11 Cases and filed with the Bankruptcy Court).

c. Authority to Act

On the Effective Date, the adoption of the New Limited Partnership Agreements and, subject to the filing of certificates of formation with the appropriate jurisdictions, the New Limited Liability Company Agreements or in each case similar constituent documents, the selection of directors and officers for the Reorganized Debtors, Entegra and its subsidiaries, and all other actions contemplated by or described in the Plan with respect thereto shall be authorized and approved and be binding and in full force and effect in all respects without further action by any party. All matters provided for in the Plan involving the legal structure of the Debtors, Reorganized Debtors, Entegra or its subsidiaries, and any legal action required by the Debtors, Reorganized Debtors, Entegra or its subsidiaries in connection with the Plan, shall be deemed to have occurred and shall be in full force and effect in all respects, without any requirement of further action by the security holders, officers or directors of the Debtors, Reorganized Debtors, Entegra or its subsidiaries or further order of the Bankruptcy Court. On the Effective Date, the appropriate officers of the Debtors, Reorganized Debtors, Entegra or its subsidiaries and members of their respective boards of directors of the Debtors, Reorganized Debtors, Entegra or its subsidiaries are authorized and directed to issue, execute, and deliver the contracts, agreements, documents, guarantees, pledges, consents, securities, certificates, resolutions and instruments contemplated by the Plan, including, without limitation, the New Credit Agreements and agreements described in Section 5.13 of the Plan.

5. Issuance of New Securities and Related Documentation

On or as soon as reasonably practicable after the Effective Date, (i) the Reorganized Debtors shall issue the New Partnership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and New Term B L/C Notes, and (ii) the New Partners shall issue the New Membership Interests to be distributed pursuant to the Plan without further act or action under applicable law, regulation, order, or rule. The issuance of the New Partnership Interests, New Membership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and New Term B L/C Notes and the distribution thereof under the Plan shall be exempt from registration under applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code. Without limiting the effect of section 1145 of the Bankruptcy Code, all documents, agreements, and instruments entered into on or as of the Effective Date contemplated by or in furtherance of the Plan shall become effective and binding in accordance with their respective terms and conditions upon the parties thereto. Holders of Allowed Class 4 Claims in UPP and PGR shall be deemed to have elected to accept Class A Units under the New Limited Liability Company Agreement for Entegra and shall be deemed to have elected to be a Full-Voting Bank under the New Credit Agreements unless on or prior to the Bankruptcy Court's first scheduled hearing for final approval of the Disclosure Statement, such Holder shall have executed and delivered written notice to the Debtors and Prepetition Agent that such Holder affirmatively elects to receive Class B Units under the New Limited Liability Company Agreement for Entegra or be a Limited-Voting Bank under the New Credit Agreements, provided that the election of each Consenting Prepetition Bank to receive Class A Units or Class B Units under the New Limited Liability Agreement for Entegra, as applicable, set forth in the Master Settlement Agreement shall be binding on and constitute the election of each such Consenting Prepetition Bank with respect thereto.

6. Exit Financing

On the Effective Date, without any requirement of further act or action by security holders, officers, or directors of the Debtors or Reorganized Debtors or further order of the Bankruptcy Court, the Reorganized Debtors shall be authorized and directed to enter into the New Credit Agreements, which will contain the New Revolving Loan Facilities, the New L/C Facilities, and the terms of the New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and New Term B L/C Notes, as well as execute, deliver, file, record and issue any notes, documents, or agreements in connection therewith.

G. Summary of Securities to be Issued Pursuant to the Plan

1. Entegra Membership Interests

On the Effective Date, Entegra will issue the Entegra Membership Interests to the Holders of Allowed Class 4 Claims in accordance with the terms of the Plan. The issuance of the Entegra Membership Interests and the distribution thereof to Holders of Allowed Claims in Class 4 shall be exempt from registration under applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code. The terms and conditions of the Entegra Membership Interests will be governed by the New Limited Liability Company Agreement of Entegra, the principal terms of each of which are summarized below.

2. New Partnership Interests

On the Effective Date, the Reorganized Debtors will issue the New Limited Partnership Interests to Entegra, and the New General Partnership Interests to New Union Power, New Gila River and New Trans-Union in accordance with the terms of the Plan. The issuance of the New Partnership Interests and the distribution thereof to the New Partners shall be exempt from registration under applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code.

Pursuant to Section 5.11 of the Plan, the Interests in Finance Co. will remain effective and outstanding and be owned and held by Reorganized UPP.

3. New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and New Term B L/C Notes

On the Effective Date, the Reorganized Debtors will issue for distribution in accordance with the terms of the Plan, the New Term A Loan Notes and New Term B Loan Notes to the holders of Allowed Claims in Class 4, and the New Term A L/C Notes and New Term B L/C Notes to each Holder of Project L/C Loans and Reimbursement Obligations. The issuance of the New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and New Term B L/C Notes, and the distribution thereof to holders of Allowed Claims in Class 4 shall be exempt from registration under applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code. The terms and conditions of the New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and New Term B L/C Notes will be governed by the New Credit Agreements, the principal terms of each of which are summarized below.

H. Summary of Principal Terms of Entegra New Limited Liability Company Agreement and New Credit Agreements

1. Entegra New Limited Liability Company Agreement

On the Effective Date, the New Limited Liability Company Agreement of Entegra will become effective and binding on Entegra.

Entegra will have two voting (but otherwise equal) classes of equity membership: Class A and Class B Equity (likewise, the New Credit Agreements will contain two classes of banks: Full-Voting Banks and Limited-Voting Banks as described in Section VI.H.2 below). Class A Equity will have full voting rights, and as described more fully in Article VIII.A of this Disclosure Statement, will be subject to FERC Section 203 transfer approvals for holders of 5% or more of the Class A Equity. Class B Equity will have very limited voting rights to the extent necessary to fall squarely within FERC precedent for qualification as a "passive" interest and therefore the Class B Equity will not be subject to Section 203 transfer approval (i) if such Class B Equity are held by Limited-Voting Banks,[3] or (ii) if such Class B Equity are below the 5% threshold, regardless of whether held by a Full-Voting Bank or Limited-Voting Bank.

As noted in Article VIII.A of this Disclosure Statement, certain Class A Equity consisting of more than 5% active interests would be subject to FERC Section 203 transfer approvals. Controls on transfers will be implemented in the New Limited Liability Company Agreement of Entegra to monitor compliance with Section 203 and to assure the availability of information that the Debtors need to make periodic Section 205 reports.

Each New Credit Agreement Bank may choose between Class A or Class B Equity, but may not opt for a combination of both. Limitations may be placed on the total amount of Class B Equity issued in order to ensure that New Credit Agreement Banks holding fewer than 5% of Class A Equity remain below that threshold. For the same reason, Class A Equity will not be convertible into Class B Equity, though Class B Equity will be convertible into Class A Equity.

In general, Class A Equity would be entitled to vote on the full range of matters customarily subject to equity holder approval. By contrast, Class B Equity would have severely restricted voting rights designed to fall squarely within existing FERC precedent as constituting a passive position under Section 203. Thus, for example, Class B Equity would not be entitled to vote to elect or appoint the directors or officers of Entegra or any Debtor or to vote on any other matter directly or indirectly concerning the operation or management of Entegra or the Debtors. Class B Equity would be restricted to voting on certain specified extraordinary matters.

While most matters would be subject to a majority vote, certain other matters would require either a 75% or 100% vote, in each case as described more fully in the New Limited Liability Company Agreement of Entegra. On matters subject to a vote by both Class A and Class B Equity, voting percentages required for approval would be based on the combined

---

[3] Opinions may differ whether this additional requirement to be a Limited-Voting Bank must also be satisfied by Holders of Class B Equity in order to avoid the need for Section 203 transfer approval.

Equity, i.e., a majority or supermajority, as applicable, of the combined Class A and B Equity. The Class A Equity would elect all directors of Entegra, who would be responsible in general for selecting and supervising each Debtor's directors, officers, and management.

2. New Credit Agreements

On the Effective Date, PGR will enter into the New PGR Credit Agreement substantially in the form of Exhibit D to the Plan and UPP will enter into the New UPP Credit Agreement substantially in the form of Exhibit E to the Plan. Each of the New Credit Agreements will include three tranches of debt, which equal the following amounts in the aggregate for both Reorganized UPP and Reorganized PGR: (1) a $30 million New Revolving Loan Facility and a $200 million New L/C Facility, (2) a $675 million New Term A Loan Facility, and (3) a $650 million New Term B Loan Facility. The maturity and interests rates of each tranche are specified in the chart below.

Both the New Revolving Loan Facility and the New L/C Facility will be joint facilities administered by the Prepetition Agent and shared by both Reorganized PGR and Reorganized UPP so that credit availability under these facilities can be allocated between them as needed from time to time. In addition, the letters of credit issued under the New L/C Facility can have an expiration date up to the expiration date of the Facility.

The New Revolving Loan Facility and the New L/C Facility will be secured by first priority, pari passu liens on the Project assets and equity interests. To incentivize the Prepetition Banks to participate in the New Revolving Loan Facility and the New L/C Facility, the New Term A Loan Notes and New Term A L/C Notes will be secured by second priority liens, and the New Term B Loan Notes and the New Term B L/C Notes will be secured by third priority liens. Specifically, each of the Prepetition Banks will have their respective Prepetition Banks Secured Claims converted to New Term B Loan Notes and New Term B L/C Notes and Entegra Membership Interests under the Plan. Each Prepetition Bank will also have the option to participate in the first priority New Revolving Loan Facility and New L/C Facility. Those Prepetition Banks that elect to take a proportionate share of both the New Revolving Loan Facility and New L/C Facility in an amount equal to their proportionate share of the Prepetition Project L/C Facility (the "Participating Banks") will be entitled to (i) convert a portion of their New Term B Loan Notes to New Term A Loan Notes in an amount equal to their Debt Allocation Percentage multiplied by the New Term A Loan Amount, and (ii) convert a portion of their New Term B L/C Notes to New Term A L/C Notes in an amount equal to their Old Proportionate Share multiplied by the New Term A L/C Amount. In addition, if a Prepetition Bank elects not to become a Participating Bank (a "Non-Participating Bank"), then Participating Banks may elect to take up such Non-Participating Bank's portion of the New Revolving Loan Facility and New L/C Facility and, in turn, convert additional third priority New Term B Loan Notes and New Term B L/C Notes to second priority New Term A Loan Notes and New Term A L/C Notes, respectively, in an amount equal to those New Term A Loan Notes and New Term A L/C Notes that such Non-Participating Bank would have been entitled to obtain had it elected to become a Participating Bank. A schedule listing each Prepetition Bank's portion of the Entegra Membership Interests, New Term B Loan Notes, proportional participation amount in the New Revolving Loan Facility and New L/C Facility, and resulting amount of New Term A Loan

Notes, assuming full participation by the Participating Banks, is attached to the Plan as Exhibit A.

To assure that New Credit Agreement Banks holding the "passive" Unit B equity interests in Entegra avoid the FERC Section 203 approval process for equity transfers, the New Credit Agreements will provide two voting classes of banks for each tranche of bank debt: Full-Voting Banks and Limited-Voting Banks. Full-Voting Banks will have full creditor voting rights, and Limited-Voting Banks will have restricted voting rights to the extent necessary for such New Credit Agreement Banks equity interests to be treated as passive for Section 203 purposes. Thus, Limited-Voting Banks will have its voting rights restricted to issues involving the debt itself, such as waivers of principal, interest, release of liens and maturity dates.

The two classes of debt in each Tranche will share equally in the collateral and will otherwise be equal except for voting rights. Each New Credit Agreement Bank may choose to be a Full-Voting Bank or Limited-Voting Bank, notwithstanding its choice of Class A or Class B Equity in Entegra. Thus, New Credit Agreement Banks will be permitted to hold Class A Equity and be a Limited-Voting Bank, and vice versa. However, New Credit Agreement Banks may not hold both Class A and Class B Equity or be both a Full-Voting Bank and a Limited-Voting Bank. While no New Credit Agreement Bank may split its debt between the two voting Classes of debt, Limited-Voting Banks will be able to elect to change their designation to Full-Voting Banks, but not vice versa.

Each New Credit Agreement Bank's entire Equity and Debt position in Entegra would be "stapled." As a result, any New Credit Agreement Bank desiring to assign its Equity or its Debt (regardless of the Class of such Equity or Debt) must assign to the same purchaser a pro rata share of such New Credit Agreement Bank's Equity and Debt (this also applies to participation interests in both the Equity and Debt, except that the transfer of a participation interest solely in the New Revolving Loan Facility and New L/C Facility together is not stapled to a transfer of a participation interest in the remainder of the Debt or Equity). In addition, the debt under both New Credit Agreements is stapled (i.e., at the time of a debt transfer, a bank is required to transfer a pro rata portion of its holdings under each New Credit Agreement).

The voting provisions in the New Credit Agreements will differ from those in the Prepetition Credit Agreements. Generally, the existing unanimous voting requirements will be scaled back to a 75% requirement, including matters relating to any restructuring of the bank debt (including any release of liens or debt forgiveness) or the sale of all, or substantially all, of the equity interests or assets of any of the Debtors. These revised 75% creditor voting requirements would parallel those applicable to the Class A Equity and hence will ensure that no more than a 75% vote is needed to restructure the debt or approve a sale of the equity or assets of the Debtors. However, 100% New Credit Agreement Bank approval would still be required to modify the relative priorities of the New Revolving Loan Facility, the New L/C Facility, the New Term A Loan Notes, or New Term B Loan Notes. While New Credit Agreement Bank holding 75% of the Debt could agree to increase the aggregate amount of the New Revolving Loan Facility and New L/C Facility, no New Credit Agreement Bank could be required to increase its commitment thereunder without its consent.

I. Treatment of Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts and Unexpired Leases

On the Effective Date, all executory contracts or unexpired leases of the Reorganized Debtors will be deemed assumed in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code except those executory contracts and unexpired leases that (i) have been rejected by order of the Bankruptcy Court, (ii) are the subject of a motion to reject pending on the Effective Date, (iii) are identified on Plan Schedule 7.1 (which Schedule 7.1 shall be subject to approval in writing by the Administrative Agent), or (iv) are rejected pursuant to the terms of the Plan. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions and rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to Article VII of the Plan shall revest in and be fully enforceable by the respective Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption, or applicable federal law.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases

All proofs of claim with respect to Claims arising from or in connection with the rejection of executory contracts or unexpired leases, if any, must be filed with the Bankruptcy Court within thirty (30) days after the date of entry of an order of the Bankruptcy Court approving such rejection. Any Claims arising from or in connection with the rejection of an executory contract or unexpired lease not filed within such time will be forever barred from assertion against the Debtors or Reorganized Debtors, their Estates, or property unless otherwise ordered by the Bankruptcy Court or provided for in the Plan.

3. Cure of Defaults of Assumed Executory Contracts and Unexpired Leases

Any monetary amounts by which each executory contract and unexpired lease to be assumed pursuant to the Plan is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to each such executory contract or unexpired lease may otherwise agree in writing. In the event of a dispute regarding (i) the amount of any cure payments, (ii) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" within the meaning of section 365 of the Bankruptcy Code under the contract or lease to be assumed, or (iii) any other matter pertaining to assumption or assignment, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption.

4. Miscellaneous

Notwithstanding any other provision of the Plan to the contrary, the Debtors, in consultation with and after obtaining the consent of the Prepetition Agent given in writing or on the record in the Chapter 11 Cases, reserve the right to modify or supplement Plan Schedule 7.1, including, without limitation, the right to add any executory contract or unexpired lease to, or delete any executory contract or unexpired lease from, such Plan Schedule, in each case at any

time prior to the Effective Date. Listing an executory contract or unexpired lease on Plan Schedule 7.1 will not constitute an admission by any of the Debtors or Reorganized Debtors that such contract or lease (including any related agreements that may exist) is an executory contract or unexpired lease or that the applicable Debtor or Reorganized Debtor has any liability thereunder.

J. Confirmation and Effectiveness of the Plan

1. Conditions to Confirmation

The Bankruptcy Court shall not enter the Confirmation Order unless and until the Confirmation Order shall be reasonably acceptable in form and substance to the Debtors and the Prepetition Agent.

2. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date:

a. The Confirmation Order confirming the Plan, as such Plan may have been amended or modified, in form and substance reasonably satisfactory to the Debtors and the Prepetition Agent shall have been entered and docketed by the Bankruptcy Court, and such order shall not have been stayed (other than the 10-day stay provided under Bankruptcy Rule 3020), and shall provide that:

(1) the Debtors and Reorganized Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents contemplated by or described in the Plan;

(2) the provisions of the Confirmation Order are nonseverable and mutually dependent;

(3) the Reorganized Debtors are authorized and directed to enter into the New Credit Agreements and issue the New Partnership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, and New Term B L/C Notes, and the New Partners are authorized and directed to issue the New Membership Interests;

(4) the New Partnership Interests, New Membership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, New Term B L/C Notes and Entegra Membership Interests issued under the Plan in exchange for Claims against the Debtors are exempt from registration under the Securities Act pursuant to section 1145 of the Bankruptcy Code, except to the extent that Holders of the New Partnership Interests, New Membership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, New Term B L/C Notes and Entegra Membership Interests are "underwriters," as that term is defined in section 1145 of the Bankruptcy Code; and

(5) the Debtors, the Reorganized Debtors, TECO and its affiliates, the Prepetition Agent, the Prepetition Project L/C Bank, the Steering Committee, the Consenting

Prepetition Banks and their respective members, officers, directors, employees, advisors, attorneys and agents acted in good faith within the meaning of and with respect to all of the actions described in section 1125(e) of the Bankruptcy Code and are, therefore, not liable for the violation of any applicable law, rule, or regulation governing such actions.

b. The Confirmation Order shall be consistent with the terms and provisions of the Plan, the Master Settlement Agreement, and, if the conditions to their effectiveness set forth therein have been satisfied, including but not limited to the Bankruptcy Court's approval of the Debtors' performance thereunder, the Master Release Agreement and the TECO Release of Project Companies Agreement.

c. The following agreements, in form and substance satisfactory to the Reorganized Debtors, the Prepetition Agent, and, with respect to matters relating to the New L/C Facilities and letters of credit issued pursuant to the New Credit Agreement, the Prepetition Project L/C Bank, shall have been executed and delivered by the applicable parties, and all conditions precedent thereto shall have been satisfied:

(1) the New Credit Agreements and all related documents provided for therein or contemplated thereby;

(2) the agreements described in Section 5.13 of the Plan; and

(3) the Project Companies Release of Banks Agreement.

d. The certificates of formation of Entegra and its subsidiaries shall have been filed with the applicable authority of their respective jurisdiction of formation in accordance with such jurisdiction's applicable laws.

e. The Bankruptcy Court shall have entered an order approving the TECO Release of Project Companies Agreement and such agreement shall have been executed and delivered by all the parties thereto.

f. All actions, documents, certificates and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, filed with the applicable governmental authorities in accordance with applicable laws.

g. The Federal Energy Regulatory Commission shall have approved transfer of ownership of PGR and UPP to Entegra and the Prepetition Banks.

3. Waiver of Conditions

Each of the conditions set forth in Section 9.2 of the Plan may be waived in whole or in part by the Debtors, in consultation with and after obtaining the consent of the Prepetition Agent given in writing or on the record in the Chapter 11 Cases (acting at the direction of the Required Banks), and, with respect to Subsections 9.2(a)(v) and (b), in consultation with and after obtaining the consent of TECO, given in writing or on the record in the Chapter 11 Cases, without any other notice to parties in interest or the Bankruptcy Court and without a hearing.

The failure of a Debtor or Reorganized Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each right shall be deemed an ongoing right that may be asserted at any time.

4. Consequences of Non-Occurrence of Effective Date

If the Effective Date does not occur within sixty (60) days after the Confirmation Date, or by such later date, after notice and hearing, as is proposed by the Debtors with the consent of the Prepetition Agent given in writing or on the record in the Chapter 11 Cases, then upon motion by the Debtors and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court; provided, however, that, notwithstanding the filing of such motion, the Confirmation Order may not be vacated if the Effective Date occurs before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated pursuant to this Section 9.4, (a) the Plan shall be null and void in all respects; (b) any settlement of Claims provided for hereby shall be null and void without further order of the Bankruptcy Court; and (c) the time within which the Debtors may assume and assign or reject all executory contracts and unexpired leases shall be extended for a period of thirty (30) days after the date the Confirmation Order is vacated.

K. Effect of Plan Confirmation

1. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors, all present and former Holders of Claims and Interests, and their respective successors and assigns, including, but not limited to, the Reorganized Debtors.

2. Preservation of Rights of Action; Settlement of Litigation Claims

a. Preservation of Rights of Action

Except as otherwise provided in Sections 5.9, 5.10, or other provisions of the Plan, the Confirmation Order, or in any document, instrument, release, or other agreement entered into in connection with the Plan or approved by order of the Bankruptcy Court, in accordance with section 1123(b) of the Bankruptcy Code, the Debtors and their Estates shall retain the Litigation Claims. The Reorganized Debtors, as the successors in interest to the Debtors and the Estates, may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) any or all of the Litigation Claims, but subject to the terms of the New Credit Agreements. Notwithstanding the foregoing, the Debtors and the Reorganized Debtors shall not file, commence, or pursue any claim, right, or cause of action under sections 544 through 550 of the Bankruptcy Code; provided, however, that, notwithstanding any statute of limitations (including, without limitation, section 546 of the Bankruptcy Code), the Debtors and Reorganized Debtors shall have the right to assert or raise such causes of action (a) as defenses or counterclaims (up to the amount asserted in the Claims against the Debtors) with respect to any Disputed Claim, and (b) in connection with the Claims objection process with respect to a Claim that is not an Allowed Claim, in which case such causes of action can be raised as an objection to such Claim and not as defenses or counterclaims.

b. Settlement of Litigation Claims

At any time after the Confirmation Date and before the Effective Date, notwithstanding anything in the Plan to the contrary, the Reorganized Debtors may settle any or all of the Litigation Claims with the approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019, but subject to the terms of the New Credit Agreements. After the Effective Date, the Reorganized Debtors may compromise and settle any Claims against them and claims they may have against other person or entity, including without limitation the Litigation Claims, without approval from the Bankruptcy Court, but subject to the terms of the New Credit Agreements.

3. Releases and Related Injunctions.

a. Releases by the Debtors of the Prepetition Agent, Prepetition Project L/C Bank and Prepetition Banks

On the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors and Reorganized Debtors in their individual capacities and as debtors in possession are authorized and directed to execute and deliver the Project Companies Release of Banks Agreement, substantially in the form attached to the Plan as Exhibit M.

b. Injunction Related to Releases

The Confirmation Order will permanently enjoin the commencement or prosecution by any entity, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released pursuant to the Plan, including but not limited to the claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released in Section 10.2 of the Plan.

4. Discharge of Claims

Except as otherwise provided in Sections 5.9 , 5.10 or other provisions of the Plan, the Confirmation Order, or in any document, instrument, release, or other agreement entered into in connection with the Plan or approved by order of the Bankruptcy Court, including, but not limited to, if so approved, the TECO Release of Project Companies Agreement, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims (other than the Class 4 Claims) of any nature whatsoever against the Debtors or any of their assets or properties, and regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims. Except as otherwise provided in Sections 5.9, 5.10, or other provisions of the Plan, the Confirmation Order, or in any document, instrument, release, or other agreement entered into in connection with the Plan or approved by order of the Bankruptcy Court, including, but not limited to, if so approved, the TECO Release of Project Companies Agreement, upon the Effective Date, the Debtors, and each of them, shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims (other than the Class 4 Claims), including, but not limited to, demands and liabilities that arose before the Confirmation

Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code.

5. Exculpation and Limitation of Liability

Except as provided in the last sentence of this section, neither the Debtors, the Reorganized Debtors, TECO and its affiliates, Holders of Administrative Claims arising under the DIP Credit Agreements, the administrative agent under the DIP Credit Agreements, the L/C Bank under the DIP Credit Agreements, the Holders of Prepetition Banks Claims, the Prepetition Agent, the Steering Committee, the Prepetition Project L/C Bank nor any of their respective present or former members, officers, directors, employees, advisors, or attorneys shall have or incur any liability to, or be subject to any right of action by, any Holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, formulating, negotiating, or implementing the Plan, the Master Settlement Agreement, the Master Release Agreement, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan (including, without limitation, in connection with, relating to, or arising out of the Master Settlement Agreement and any Exhibits thereto), except for their gross negligence or willful misconduct, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Any person or entity who objects to confirmation of the Plan and/or affirmatively votes to reject the Plan shall not be entitled to the protections and/or benefits of this Section.

6. Injunction

a. Except as otherwise provided in the Plan or in any document, instrument, release, or other agreement entered into in connection with the Plan or approved by order of the Bankruptcy Court, including, but not limited to, if so approved, the TECO Release of Project Companies Agreement, the Confirmation Order shall provide, among other things, that from and after the Effective Date all persons or entities who have held, hold, or may hold Claims (other than the Class 4 Claims) against or Interests in the Debtors are (i) permanently enjoined from taking any of the following actions against the Estate(s), or any of their property, on account of any such Claims or Interests and (ii) permanently enjoined from taking any of the following actions against any of the Debtors, the Reorganized Debtors or their property on account of such Claims (other than the Class 4 Claims) or Interests: (A) commencing or continuing, in any manner or in any place, any action, or other proceeding; (B) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree or order; (C) creating, perfecting, or enforcing any lien or encumbrance; (D) asserting a setoff or right of subrogation of any kind against any debt, liability or obligation due to the Debtors; and (E) 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; provided, however, that nothing contained herein shall preclude such persons or entities from exercising their rights pursuant to and consistent with the terms of the Plan.

b. By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim (other than the Class 4 Claims) will be deemed to have specifically consented to the injunctions set forth in this Section 10.6.

7. Term of Bankruptcy Injunction or Stays

All injunctions or stays provided for in the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

L. Summary of Other Provisions of the Plan

The following paragraphs summarize certain other significant provisions of the Plan. The Plan should be referred to for the complete text of these and other provisions of the Plan.

1. Exemption From Certain Transfer Taxes

Pursuant to section 1146(c) of the Bankruptcy Code, (a) the issuance, transfer, or exchange of notes or equity securities under the Plan; (b) the creation of any mortgage, deed of trust, lien, pledge, or other security interest; (c) the making or assignment of any lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan (including, without limitation, any merger agreements, agreements of consolidation, restructuring, disposition, liquidation, or dissolution, deeds, bills of sale, and transfers of tangible property) will not be subject to any stamp tax, recording tax, personal property tax, real estate transfer tax, sales tax, use tax, transaction privilege tax (including, without limitation such taxes on prime contracting and owner-builder sales), privilege taxes (including, without limitation, privilege taxes on construction contracting with regard to speculative builders and owner builders), and other similar taxes. Unless the Bankruptcy Court orders otherwise, all sales, transfers, and assignments of owned and leased property approved by the Bankruptcy Court on or prior to the Effective Date, shall be deemed to have been in furtherance of, or in connection with, the Plan.

2. Prepetition Banks Approval for Consummation of the Plan

Notwithstanding any other provision of the Plan to the contrary, the Prepetition Agent is hereby authorized, and no further or additional approval of or consent from the Prepetition Banks or any other person or entity shall be required in order for the Prepetition Agent, to perform, engage in, enter into, execute and deliver, undertake or otherwise implement any or all of the documents necessary or appropriate to consummate the Plan, and any other Exhibit, agreement, contract, certificate, guarantee, pledge or matter relating to or contemplated thereby.

3. Effectuating Documents, Further Transactions and Corporate Action

Each of the Debtors or the Reorganized Debtors is authorized to execute, deliver, file, or record such contracts, instruments, releases, consents, certificates, resolutions, programs and other agreements and/or documents and take such acts and actions as may be reasonable,

necessary or appropriate to effectuate, implement, consummate and/or further evidence the terms and conditions of the Plan, any notes or securities issued pursuant to the Plan, and any transactions described in or contemplated by the Plan, including, without limitation, changing the legal name of PGR to Gila River Power, L.P.

4. Authority to Act

Prior to, on, or after the Effective Date (as appropriate), all matters expressly provided for under the Plan that would otherwise require approval of the partners, managers, members or other owners or directors of one (1) or more of the Debtors or the Reorganized Debtors or Entegra or any of its subsidiaries shall be deemed to have occurred and shall be in effect prior to, on, or after the Effective Date (as appropriate) pursuant to the applicable law of the states in which the Debtors, Reorganized Debtors, or Entegra and its subsidiaries are formed, without any requirement of further action by the partners, managers, members or other owners or directors of such entities or order of the Bankruptcy Court.

5. Bar Date for Administrative Claims

The Confirmation Order will establish an Administrative Claims Bar Date for filing Administrative Claims, except for Administrative Claims arising under the DIP Credit Agreements as provided in Section 3.1(a)(ii) of the Plan, which date will be thirty (30) days after the Effective Date. Holders of alleged Administrative Claims not paid prior to the Confirmation Date shall submit proofs of Claim on or before such Administrative Claims Bar Date or forever be barred from doing so. The notice of Confirmation to be delivered pursuant to Bankruptcy Rule 3020(c) and 2002(f) will set forth such date and constitute notice of this Administrative Claims Bar Date. The Debtors and the Reorganized Debtors shall have thirty (30) days (or such longer period as may be allowed by order of the Bankruptcy Court) following the Administrative Claims Bar Date to review and object to such Administrative Claims before a hearing for determination of allowance of such Administrative Claims.

6. Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is determined by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

7. Amendment or Modification of the Plan

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, the Debtors reserve the right, with the

consent of the Prepetition Agent given in writing or on the record in the Chapter 11 Cases with respect to any amendment or modification that does not adversely change the treatment of any Prepetition Banks Claims or Senior Prepetition Banks Secured Claims, to alter, amend, or modify the Plan at any time prior to or after the Confirmation Date but prior to the substantial consummation of the Plan, provided however, that no amendment or modification to the Plan shall, without TECO's consent given in writing or on the record in the Chapter 11 Cases, materially adversely affect the rights of TECO under the Master Release Agreement or TECO Release of Project Companies Agreement or any exhibits thereto if the conditions to effectiveness of the Master Release Agreement and TECO Release of Project Companies Agreement set forth therein have been satisfied, including but not limited to the Bankruptcy Court's approval of the Debtors' performance thereunder. A Holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder.

8. Revocation, Withdrawal or Non-Consummation

The Debtors reserve the right to revoke or withdraw the Plan as to any or all of the Debtors prior to the Confirmation Date and to file subsequent plans of reorganization, in each case with the consent of the Prepetition Agent given in writing or on the record in the Chapter 11 Cases (acting at the direction of the Majority Banks) (and provided that the Master Settlement Agreement has not been terminated, with the consent of TECO given in writing or on the record in the Chapter 11 Cases). If the Debtors revoke or withdraw the Plan as to any or all of the Debtors, in each case with the consent of the Prepetition Agent given in writing or on the record in the Chapter 11 Cases (acting at the Direction of the Majority Banks), or if confirmation or consummation as to any or all of the Debtors does not occur, then, with respect to such Debtors, except as otherwise provided by the Debtors with the consent of the Prepetition Agent given in writing or on the record in the Chapter 11 Cases (acting at the direction of the Majority Banks) in connection therewith, (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases affected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other person or entity, (ii) prejudice in any manner the rights of such Debtors or any other person or entity, or (iii) constitute an admission of any sort by the Debtors or any other person or entity.

VII. RISK FACTORS TO BE CONSIDERED

Holders of Claims against the Debtors should read and consider carefully the information set forth below, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference), prior to voting to accept or reject the Plan. This information, however, should not be regarded as the only risks involved in connection with the Plan and its implementation.

A. General Considerations

The formulation of a reorganization plan is the principal purpose of a Chapter 11 case. The Plan sets forth the means for satisfying the Holders of Claims against and Interests in the Debtors. Certain Claims may receive partial distributions pursuant to the Plan, and in some cases, no distribution at all. The capitalization of the Debtors realizes the going concern value of the Debtors for their Claim Holders and Interest Holders. Moreover, reorganization of the Debtors' business and operations under the proposed Plan also avoids the potentially adverse impact of a liquidation on the Debtors' employees and many of their customers, trade vendors, suppliers of goods and services and others.

B. Certain Bankruptcy Considerations

If the Plan is not confirmed and consummated, there can be no assurance that these Chapter 11 cases will continue rather than be converted to a liquidation under Chapter 7 of the Bankruptcy Code or that any alternative plan of reorganization would be on terms as favorable to the Holders of Claims and Interest as the terms of the Plan. If a liquidation or protracted reorganization were to occur, there is a substantial risk that the value of the Debtors' enterprise would be substantially eroded to the detriment of all stakeholders. See Appendix B attached to this Disclosure Statement for a liquidation analysis of the Debtors.

C. Factors Affecting the Energy Market

1. Market and Commodity Risk

Achievement of forecasted cash flows depends almost entirely upon the future market prices of two volatile commodities which represent the Debtors' primary input (natural gas) and output (energy). Relative price movements between these two commodities determine both when the facilities can be economically dispatched and the margin (the "spark spread") that can be captured when they do. In the case of the Union and Gila projects, spark spreads have undergone significant downward pressure due to massive increases in generating capacity, surging demand for natural gas and numerous other factors. While the Debtors and their professionals provide their view of market recovery, to the extent assumptions with respect to demand for power, natural gas prices, or capacity prove inaccurate, the achievability of projected cash flows is at risk.

2. Operational Risk

The forecast cash flows of the Projects assume a typical level of planned and forced outage activity over the forecast period. Significant unforeseen operational failures which remove one or more generating assets from service for an extended period of time, especially in the peak summer months and at Gila, could negatively impact forecast cash flows.

3. Regulatory Risk

The energy industry remains highly regulated at both the state and federal level. Efforts to deregulate the market seen as beneficial to the Projects, especially with respect to the

Entergy region, have met with considerable resistance. Additionally, regulators may take steps which adversely impact the Debtors' operations or decrease margins.

D. Factors Affecting the Value of the Securities to be Issued under the Plan

1. Speculative Nature

The Reorganized Debtors will remain highly leveraged subsequent to Confirmation. The Entegra Membership Interests and New Partnership Interests will have no rights on liquidation of the Reorganized Debtors. There can be no assurance that the Entegra Membership Interests and New Partnership Interests will have access to a liquid trading market.

2. Variances from Projections

The fundamental premise of the Plan is the deleveraging of the Debtors, the deferral of cash debt service payments and the implementation and realization of the Debtors' business plan, as reflected in the Projections contained in this Disclosure Statement. The Projections reflect numerous assumptions concerning the anticipated future performance of the Reorganized Debtors, some of which may not materialize. Such assumptions include, among other items, assumptions concerning the general economy, the energy industry and the ability to stabilize the Reorganized Debtors' business and control future operating expenses. The Debtors believe that the assumptions underlying the Projections are reasonable. However, unanticipated events and circumstances occurring subsequent to the preparation of the Projections may affect the actual financial results of the Reorganized Debtors. Therefore, the actual results achieved throughout the periods covered by the Projections necessarily will vary from the projected results and such variations may be material and adverse.

3. Disruption of Operations

The Chapter 11 cases could adversely affect the Debtors' relationship with their customers and suppliers, as well as the Debtors' ability to retain or attract high-quality employees. In such event, weakened operating results that could give rise to variances from the Debtors' projections may occur.

4. Lack of Trading Market

The Entegra Membership Interests and New Partnership Interests are a new issue of securities with no established trading market or prior trading history. There can be no assurance regarding the future development of a market for the Entegra Membership Interests and New Partnership Interests, the ability of Holders thereof to sell their Entegra Membership Interests and New Partnership Interests or the price for which such Holders may be able to sell their Entegra Membership Interests and New Partnership Interests. If a market were to develop, the Entegra Membership Interests and New Partnership Interests could trade at prices lower than the estimated value set forth in this Disclosure Statement. The trading prices of such securities will depend on many factors, including factors beyond the Reorganized Debtors' control. Furthermore, the liquidity of, and trading market for, the Entegra Membership Interests and New Partnership Interests may be adversely affected by price declines and volatility in the market for

similar securities, as well as by any changes in the Reorganized Debtors' financial condition or results of operations.

E. Risks Relating to the Reorganized Debtors

1. Leverage and Debt Service

As of the Effective Date, on a pro forma basis after giving effect to the reorganization, the Reorganized Debtors will have an aggregate net indebtedness of $1,325 billion, excluding amounts funded under the New Revolving Loan Facility, the New L/C Facility and capital leases. After the Effective Date, the Reorganized Debtors will remain highly leveraged.

Based upon the Projections, the $200 million New L/C Facility and $30 million New Revolving Loan Facility should provide the Reorganized Debtors with sufficient liquidity to operate the business until the market's projected recovery. Changes in any number of important factors could cause the Reorganized Debtors to incur additional losses or affect the timing of cash flows, which would require the company to seek additional sources of liquidity. The Reorganized Debtors' capitalization could impair their ability to obtain additional liquidity in the future.

2. Hedging Strategy Execution Risk

One of the goals of the Reorganized Debtors' hedging strategy is to mitigate certain commodity exposure and increase the certainty of cash flows within specified trading parameters. While the current energy management team has a proven track record of competent hedging activity, the execution of the hedging strategy relies on continuous and astute market observation and trading competence. In addition, the Union Project is located in a significantly depressed market area that makes the ability to hedge forward market risk exposures difficult at this time.

3. Transition Risk

Pursuant to the Plan, the Debtors will need to extract themselves from their corporate parent, TECO. Preparations for this process have begun and the actual transition will likely continue through the Spring of 2005. While every effort is being undertaken to ensure the process of relocating the Debtors' operations and setting up a stand-alone infrastructure progresses in an orderly manner, the Reorganized Debtors bear the risk that transition plans may prove to be inadequate or more costly than originally envisioned.

4. Turnover Risk

Although the current transitional retention policy has been highly successful at retaining the employees and managers central to the Debtors' business, this policy will expire on the consummation of the Plan. To the extent planned incentives are insufficient to retain key employees, the Reorganized Debtors will be required to replace these individuals, potentially leading to the loss of valuable institutional knowledge and lost margins.

VIII. CERTAIN OTHER LEGAL CONSIDERATIONS

A. Federal Energy Regulatory Approval Requirements

1. Filings and Notices Required to Effectuate Transfer of Projects

The Prepetition Bank's acquisition of indirect ownership interests in the Projects through Entegra will require the prior approval of the Federal Energy Regulatory Commission ("FERC") pursuant to Section 203 of the Federal Power Act ("FPA"). An application for such approval was filed with FERC on September 30, 2004, and was approved on or about [_____], 2005 by FERC, without setting the case for hearing. In order to complete and file this Section 203 application, each Prepetition Bank was required to complete and sign verifications and questionnaires, and provide notice of any changes in its reported holdings and affiliations.

On October 19, 2004, UPP and PGR each made an informational filing in their respective market-based rate proceedings, explaining that the change in upstream ownership should not change FERC's prior determination that neither company has market power. UPP and PGR will also have to file a Notice of Non-Material Change in Fact in each company's respective exempt wholesale generator ("EWG") proceeding, notifying FERC of the change in upstream ownership. Neither filing should raise any substantive concerns.

With respect to the transfer of an interest in Trans-Union, the Natural Gas Act does not contain any provision comparable to FPA Section 203 which would require approval of the transfer of an upstream interest in a FERC-jurisdictional interstate natural gas pipeline. Accordingly, the transfer of an upstream interest in Trans-Union does not require any pre-approvals. In addition, assuming Trans-Union continues to be the entity providing jurisdictional services, there does not appear to be any need to modify its tariff or to transfer the certificate under which it provides transportation service.

2. Ongoing Regulatory Compliance Obligations of Banks

Pursuant to Section 203 of the FPA, any Prepetition Bank holding more than 5% of "active," full voting equity interests[4] (i.e., Class A Equity) in Entegra may be subject to a potential requirement to obtain prior FERC approval of any subsequent transfer of such equity interests, and a Prepetition Bank who will become a 5% plus owner of full voting equity interests as a result of a transfer or other corporate transaction (e.g., a merger with another Prepetition Bank) may also be subject to this Section 203 approval process. By contrast, Prepetition Banks which will hold either (x) less than a 5% "active" equity interest in Entegra or (y) any percentage

---

[4] Section 203 does not expressly specify this 5% threshold. Rather, it is based on a conservative analysis of FERC precedent in defining "control" in other contexts. For example, in its Standards of Conduct for Transmission Providers, FERC has defined control in the context of equity ownership of a subsidiary public utility and has established a more liberal threshold of 10%. However, in another ruling, FERC indicated that EWG public utilities (such as Union Power and Gila River) should use the definition of "affiliate" in another statute (specifically, Section 2(a) of the Public Utility Holding Company Act of 1935) for matters arising under Part II of the FPA. That affiliate definition uses a 5% voting interest test. Based on the foregoing, the Debtors believe it is possible that the ownership threshold for triggering FERC's Section 203 scrutiny would be between 5% and 10%.

of "passive" equity interests (i.e., Class B Equity) will not need to obtain FERC approval for transfers of their equity interests.

There is very limited precedent on FERC's interpretation of what kind of "passive" equity interest would constitute an exception to the Section 203 transfer approval process. In one case, FERC accorded passive treatment to an investor who had only the right to consent to certain extraordinary proposed actions of the active investor – namely, (1) the purchase of significant additional assets; (2) the dissolution or merger or sale of substantially all of the company's assets; and (3) transactions with affiliates not already contemplated by existing agreements.[5]

In order to implement the Section 203 requirements, the New Limited Liability Company Agreement for Entegra will require the approval of a designated officer of Entegra, who will act on advice of counsel in determining what FERC filings, if necessary, are needed before approving transfers of Class A Equity.

The only other ongoing regulatory requirement indirectly affecting holders of more than 5% active units concerns a possible reporting obligation on the part of Entegra and its public utility subsidiaries, and not the Prepetition Banks directly. Pursuant to Section 205 of the Federal Power Act, UPP and PGR are obligated to report to FERC any changes in circumstance that could materially impact their existing competitive position, and potentially, the market-based rate authority of UPP and PGR. In order to facilitate Entegra in complying with its Section 205 duties, Entegra's New Limited Liability Company Agreement requires each Prepetition Bank owning more than 5% of the active equity interests in Entegra to report to UPP and PGR any such changes in their ownership or control of Entegra or any other energy-related business in the markets served by UPP and PGR.

THE PRECEDING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL ENERGY REGULATORY APPROVAL REQUIREMENTS OF THE TRANSACTIONS DESCRIBED HEREIN OR IN THE PLAN. EACH HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT ITS OWN ADVISOR REGARDING SUCH APPROVAL REQUIREMENTS.

B. Securities Laws

1. Issuance of Securities

Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if three principal requirements are satisfied: (i) the securities must be offered and

---

[5] In the only other case on point, FERC characterized as "passive" investors with limited veto rights on the following extraordinary actions: (1) material amendments to the company's LLC agreement under certain specified circumstances; (2) issuance of new interests senior to the then-existing member interests of the company; (3) the adoption of new limited liability company agreements (or other operative or constituent documentation) in connection with mergers, consolidations, combinations, or conversions in certain cases; (4) appointment of a liquidator but only if the company's managing member does not appoint one; and (5) assignment of investment advisory contracts under certain circumstances.

sold under a plan of reorganization and must be securities of the debtor, of an affiliate participating in a joint plan with the debtor, or of a successor to the debtor under the plan; (ii) the recipients of the securities must hold prepetition or administrative expense claims against the debtor or interests in the debtor; and (iii) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor, or principally in exchange for such claims or interests and partly for cash or property. Except as noted below, the Debtors believe that the offer and sale of securities under the Plan satisfy the requirements of Section 1145(a)(1) of the Bankruptcy Code and are, therefore, exempt from registration under the Securities Act and state securities laws.

2. Subsequent Transfer of Securities

The New Partnership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, New Term B L/C Notes and Entegra Membership Interests, or other securities to be issued pursuant to the Plan, would be freely transferable by most recipients following initial issuance under the Plan, subject to, as applicable, receiving FERC approval as more fully described in Article VIII.A. of this Disclosure Statement. All resales and subsequent transactions in the such securities are exempt from registration under federal and state securities laws, unless the holder is an "underwriter" with respect to such securities. Section 1145(b) of the Bankruptcy Code defines four types of "underwriters":

(i) persons who purchase a claim against, an interest in, or a claim for an administrative expense against the debtor with a view to distributing any security received in exchange for such claim or interest;

(ii) persons who offer to sell securities offered under a plan for the holders of such securities;

(iii) persons who offer to buy such securities from the holders of such securities, if the offer to buy is:

(A) with a view to distributing such securities; and

(B) under an agreement made in connection with the plan, the consummation of the plan or with the offer or sale of securities under the plan; or

(iv) a person who is an "issuer" with respect to the securities as the term "issuer" is defined in Section 2(11) of the Securities Act.

Under Section 2(11) of the Securities Act, an "issuer" includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control of the issuer.

To the extent that persons who receive New Partnership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, New Term B L/C Notes and Entegra Membership Interests or other securities issued pursuant to the Plan are deemed to be "underwriters." resales by such persons would not be exempted by Section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Persons

deemed to be underwriters may, however, be permitted to sell such securities without registration pursuant to the provisions of Rule 144 under the Securities Act. These rules permit the public sale of securities received by "underwriters" if current information regarding the issuer is publicly available and if volume limitations and certain other conditions are met.

Whether or not any particular person would be deemed to be an "underwriter" with respect to New Partnership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, New Term B L/C Notes, Entegra Membership Interests or other securities to be issued pursuant to the Plan would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any particular person receiving New Partnership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, New Term B L/C Notes, Entegra Membership Interests or other securities issued pursuant to the Plan would be an "underwriter" with respect to such securities.

Given the complex and subjective nature of the question of whether a particular holder may be an underwriter, the Debtors make no representation concerning the right of any person to trade in the New Partnership Interests, New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes, New Term B L/C Notes, Entegra Membership Interests or other securities issued pursuant to the Plan. The Debtors recommend that potential recipients of such securities consult their own counsel concerning whether they may freely trade the securities without compliance with the Securities Act or the Exchange Act.

IX. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. In General

The following discussion summarizes certain material U.S. federal income tax considerations expected to result from the consummation of the Plan. This discussion does not address all U.S. federal income tax consequences of the consummation of the Plan, nor does it address any tax consequences arising under any state, local or foreign tax laws. This discussion is based on the current provisions of the Internal Revenue Code of 1986, as amended (the "Tax Code"), applicable Treasury Regulations promulgated thereunder, judicial decisions, and published rulings and administrative pronouncements of the Internal Revenue Service (the "IRS"). No ruling from the IRS has been sought or will be sought, nor will any opinion of counsel be rendered, regarding the U.S. federal income tax consequences discussed below. No assurance can be given that the IRS will not take a contrary position as to the U.S. federal income tax consequences of the consummation of the Plan, or that any such contrary position would not be sustained by a court.

Changes in legislative, judicial or administrative authority or interpretations may occur and may be prospective or retroactive in application. Any such changes could affect the U.S. federal income tax consequences to the beneficial owners of Claims (each, a "Holder" and collectively, the "Holders"), the Debtors or the Reorganized Debtors, and could alter or modify the statements and conclusions set forth herein. No prediction can be made at this time whether any tax legislation will be enacted or, if enacted, whether any changes in the U.S. federal income tax laws would affect the tax consequences of the consummation of the Plan described herein.

The following discussion provides general information only and is limited to the U.S. federal income tax consequences to Holders entitled to vote on the Plan. This discussion assumes that Holders hold their Claims as capital assets within the meaning of Section 1221 of the Tax Code (generally, property held for investment) and that all Claims denominated as indebtedness are properly treated as debt for U.S. federal income tax purposes. The U.S. federal income tax consequences to any particular Holder will depend on such Holder's particular situation. This discussion does not address all U.S. federal income tax considerations that may be relevant to a Holder, including any alternative minimum tax consequences, and does not address the U.S. federal income tax consequences to a Holder that has agreed to resolve its Claim in a manner not explicitly provided for in the Plan. This discussion also does not address the U.S. federal income tax consequences to Holders subject to special rules under the U.S. federal income tax laws, including, without limitation, financial institutions, insurance companies, dealers in securities or currencies, certain securities traders, tax-exempt organizations, tax-qualified retirement plans, foreign corporations, foreign trusts, foreign estates, Holders who are not citizens or residents of the United States, Holders that hold their Claims as part of a straddle, hedge, conversion, synthetic security or other integrated instrument, Holders whose functional currency is not the U.S. dollar and Holders that acquired their Claims in connection with the performance of services.

EACH HOLDER SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE CONSUMMATION OF THE PLAN, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS.

B. U.S. Federal Income Tax Consequences to Holders of Claims

Holders of Claims generally will recognize gain or loss on their Claims as set forth below. The tax treatment of Holders of Claims and the character and amount of any gain or loss recognized as a result of the consummation of the Plan will depend on a number of factors, including (i) the nature and origin of the Claim, (ii) the tax status of the Holder of the Claim, (iii) the manner in which the Holder acquired the Claim, (iv) how long the Holder has held the Claim, (v) whether the Holder previously claimed a loss or bad debt deduction with respect to the Claim, and (vi) whether the Claim was acquired at a market discount. Any gain recognized by a Holder of a Claim that purchased its Claim from a prior Holder at a market discount generally would be (subject to a *de minimis* rule) characterized as ordinary income to the extent of the accrued market discount on such Claim as of the Effective Date, assuming that such Holder has made no election to amortize the market discount into income on a current basis. Subject to the market discount rules and the discussion below, any gain or loss with respect to a Claim held for more than one year generally will be long-term capital gain or loss. The deductibility of capital losses may be subject to limitation. The excess of net long-term capital gains over net short-term capital losses may be taxed at a lower rate than ordinary income for individuals, estates and trusts. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO THEM IN LIGHT OF THEIR PARTICULAR SITUATIONS.

1. Holders of Prepetition Banks Secured Claims

Holders of Allowed Prepetition Banks Secured Claims generally should recognize gain (or loss) to the extent the amount realized under the Plan in respect of their Claims exceeds (or is exceeded by) their respective tax bases in their Claims. The amount realized by a Holder of an Allowed Prepetition Banks Secured Claim generally will be equal to the fair market value of such Holder's proportionate share of the Debtors' assets that such Holder is deemed to receive under the Plan, as explained below. Certain financial institutions, including banks, generally must treat any gain or loss recognized with respect to their Claim as ordinary income or loss.

For U.S. federal income tax purposes, the Debtors are each disregarded as entities separate from their owner. The Reorganized Debtors, New Union Power, New Gila River Power and New Trans-Union Pipeline also will each be disregarded as separate entities, and Entegra will be treated as directly owning the Reorganized Debtors' assets for U.S. federal income tax purposes. Accordingly, for federal income tax purposes, although the issue is not entirely free from doubt, (i) the issuance of the New Partnership Interests to Entegra, Union Power LLC, Gila River Power LLC, and Trans-Union Pipeline LLC, and (ii) the receipt by Holders of Allowed Prepetition Banks Secured Claims of New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes and New Term B L/C Notes collectively should be treated as a transfer of the Debtors' assets to such Holders in cancellation of their Claims, followed immediately by a contribution of such assets to Entegra in exchange for the New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes and New Term B L/C Notes. Pursuant to the terms of the New Limited Liability Company Agreement of Entegra, the Holders of Allowed Prepetition Banks Secured Claims who become members of Entegra will agree to such tax treatment and will agree to treat the New Term B Loan Notes as equity of Entegra for U.S. federal income tax purposes.

2. Holders of Claims Arising under Prepetition Guaranty Agreement

Holders of Allowed Claims arising under the Prepetition Guaranty Agreement generally should not recognize any gain or loss with respect to such Claims upon consummation of the Plan.

3. Holders of Impaired Unsecured Claims

Holders of Allowed Impaired Unsecured Claims generally should recognize gain (or loss) to the extent the amount realized under the Plan (generally, the amount of cash received) in respect of their Claims exceeds (or is exceeded by) their respective tax bases in their Claims.

C. U.S. Federal Income Tax Consequences to the Debtors

Because the Debtors are each disregarded as separate entities for U.S. federal income tax purposes, the consummation of the Plan should not result in any U.S. federal income tax consequences to the Debtors.

D. Accrued Interest

Holders of Allowed Claims will be treated as receiving a payment of interest (includible in income in accordance with the Holder's method of accounting for U.S. federal income tax purposes) to the extent that any cash or property received (or deemed received) pursuant to the Plan is attributable to any accrued but unpaid interest on the Allowed Claims. The extent to which the receipt of cash or property should be attributable to accrued but unpaid interest is unclear. The Reorganized Debtors intend to take the position that cash or property distributed pursuant to the Plan first will be allocable to the principal amount of any Allowed Claim and then, to the extent necessary, to any accrued but unpaid interest thereon. Each Holder should consult its own tax advisor regarding the amount of consideration received under the Plan that is attributable to accrued but unpaid interest, if any, on such Holder's Claims. A Holder generally will be entitled to recognize a loss to the extent any accrued interest previously was included in gross income and is not paid in full.

E. Information Reporting and Backup Withholding

The Reorganized Debtors (or their paying agent) may be obligated to provide information returns to Holders and to the IRS reporting payments made to Holders pursuant to the Plan.

A Holder of an Allowed Claim may be subject to backup withholding, currently at a rate of 28%, with respect to any reportable payments received pursuant to the Plan unless (i) such Holder is a corporation or otherwise exempt from backup withholding and demonstrates this fact when required or (ii) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and complies with other applicable requirements. A Holder that does not provide a correct taxpayer identification number may be subject to penalties imposed by the IRS.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a Holder's U.S. federal income tax liability, and Holders may obtain a refund of any excess amounts withheld by timely filing a proper claim for refund with the IRS.

F. U.S. Federal Income Tax Consequences to Holders of Prepetition Banks Secured Claims with respect to Ongoing Interest in Entegra

1. Entity Classification

Under current U.S. Treasury Regulations, a domestic business entity that has two or more owners and that is not organized as a corporation under U.S. federal or state law generally will be classified as a partnership for U.S. federal tax purposes unless it elects to be classified as a corporation. Thus, subject to the following discussion regarding "publicly traded partnerships", Entegra should be treated as a partnership for U.S. federal tax purposes because it will not elect to be classified as a corporation.

An entity that otherwise would be classified as a partnership for U.S. federal tax purposes will nonetheless be taxable as a corporation if it is characterized as a "publicly traded

partnership" that does not qualify for a passive income exception. A partnership will be characterized as a publicly traded partnership if its ownership interests are traded on an established securities market or a secondary market (or the substantial equivalent thereof). Although it is not intended that any of the equity interests in Entegra will be publicly-traded for purposes of these rules, the New Limited Liability Company Agreement for Entegra will provide safeguards intended to ensure avoidance of publicly-traded partnership status, including prohibiting (and treating as null and void) a transfer of equity interests through publicly-traded means or a transfer that would otherwise cause Entegra to be treated as a publicly-traded partnership.

2. Consequence of Taxation as a Partnership

An organization that is classified and taxable as a partnership for U.S. federal tax purposes is not subject to U.S. federal income tax itself, but is a conduit through which the organization's taxable income and tax deductions are passed to the partners (i.e., Holders), although it will be required to file an annual information return. Provided that Entegra is classified as a "partnership" for federal income tax purposes, each Holder will be required to report on its federal income tax return, and will be taxed upon, its distributive share of each item of Entegra's income, gain, loss, deduction and credit. Accordingly, if Entegra reports taxable income or gain, a Holder may have to pay income tax on its distributive share of such income or gain, but generally will not receive cash distributions from Entegra that could be used to pay such tax. Each item of income, gain, loss, deduction and credit generally will have the same character and source (i.e., interest, dividend or gain) as if the Holder realized the item directly, rather than through Entegra.

THE FOREGOING DISCUSSION OF CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS IS FOR GENERAL INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO THEM OF THE CONSUMMATION OF THE PLAN DESCRIBED HEREIN, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER ANY STATE, LOCAL OR FOREIGN TAX LAWS. NEITHER THE PROPONENTS OF THE PLAN NOR THEIR PROFESSIONALS WILL HAVE ANY LIABILITY TO ANY PERSON ARISING FROM OR RELATED TO THE U.S. FEDERAL, STATE, LOCAL OR FOREIGN TAX CONSEQUENCES OF THE PLAN OR THE FOREGOING DISCUSSION.

X. FEASIBILITY OF THE PLAN AND BEST INTEREST OF CREDITORS

A. Feasibility of the Plan

The Bankruptcy Code requires that the Bankruptcy Court determine that confirmation of a Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors. This requirement is imposed by Section 1129(a)(11) of the Bankruptcy Code and is referred to as the "feasibility" requirement. The Debtors believe that they will be able to timely perform all obligations described in the Plan, and, therefore, that the Plan is feasible.

To demonstrate the feasibility of the Plan, financial Projections (the "Projections") for Fiscal years 2005 through 2034 have been prepared by PA, a recognized expert in the energy industry, and energy industry advisor to the Prepetition Agent, and are attached to this Disclosure Statement as Appendix C. These Projections have also been reviewed and analyzed by the Debtors and their advisors, HLHZ, each of whom concur in the reasonableness of the underlying assumptions and conclusions.

Pursuant to the Plan, a substantial portion of the Reorganized Debtors obligations under the New Credit Agreements are pay-in-kind or "PIK" obligations. When taking into account the PIK feature of certain of the obligations under the New Credit Agreement, the Projections indicate that the Reorganized Debtors should have sufficient cash flow to pay and service their debt obligations, including the New Credit Agreements, and to fund their operations. Accordingly, the Debtors believe that the Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE PUBLISHED GUIDELINES OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR ANY OTHER REGULATORY OR PROFESSIONAL AGENCY OR BODY OR GENERALLY ACCEPTED ACCOUNTING PRINCIPLES. FURTHERMORE, THE DEBTORS' INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS HAVE NOT COMPLIED OR EXAMINED THE PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS ANY OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO AND ASSUME NO RESPONSIBILITY FOR THE PROJECTIONS.

THE PROJECTIONS ASSUME THAT (I) THE PLAN WILL BE CONFIRMED AND CONSUMMATED IN ACCORDANCE WITH ITS TERMS, (II) THERE WILL BE NO MATERIAL CHANGE IN LEGISLATION OR REGULATIONS, OR THE ADMINISTRATION THEREOF, INCLUDING ENVIRONMENTAL LEGISLATION OR REGULATIONS, THAT WILL HAVE AN UNEXPECTED EFFECT ON THE OPERATIONS OF THE REORGANIZED DEBTORS, (III) THERE WILL BE NO CHANGE IN UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES THAT WILL HAVE A MATERIAL EFFECT ON THE REPORTED FINANCIAL RESULTS OF THE REORGANIZED DEBTORS, AND (IV) THERE WILL BE NO MATERIAL CONTINGENT OR UNLIQUIDATED LITIGATION OR INDEMNITY CLAIMS APPLICABLE TO THE REORGANIZED DEBTORS. TO THE EXTENT THAT THE ASSUMPTIONS INHERENT IN THE PROJECTIONS ARE BASED UPON FUTURE BUSINESS DECISIONS AND OBJECTIVES, THEY ARE SUBJECT TO CHANGE. IN ADDITION, ALTHOUGH THEY ARE PRESENTED WITH NUMERICAL SPECIFICITY AND CONSIDERED REASONABLE BY THE DEBTORS WHEN TAKEN AS A WHOLE, THE ASSUMPTIONS AND ESTIMATES UNDERLYING THE PROJECTIONS ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH WILL BE BEYOND THE CONTROL OF THE REORGANIZED DEBTORS. ACCORDINGLY, THE PROJECTIONS ARE ONLY AN ESTIMATE THAT ARE NECESSARILY SPECULATIVE IN NATURE. IT CAN BE EXPECTED THAT SOME OR ALL OF THE ASSUMPTIONS IN THE PROJECTIONS WILL NOT BE REALIZED AND THAT ACTUAL RESULTS WILL VARY FROM THE PROJECTIONS, WHICH

VARIATION MAY BE MATERIAL AND ARE LIKELY TO INCREASE OVER TIME. THE PROJECTIONS SHOULD THEREFORE NOT BE REGARDED AS A REPRESENTATION BY THE DEBTORS OR ANY OTHER PERSON THAT THE RESULTS SET FORTH IN THE PROJECTIONS WILL BE ACHIEVED. IN LIGHT OF THE FOREGOING, READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE PROJECTIONS. THE PROJECTIONS SHOULD BE READ TOGETHER WITH THE INFORMATION IN ARTICLE VII OF THIS DISCLOSURE STATEMENT ENTITLED "RISK FACTORS TO BE CONSIDERED," WHICH SETS FORTH IMPORTANT FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER FROM THOSE IN THE PROJECTIONS.

THE DEBTORS DO NOT INTEND TO UPDATE OR OTHERWISE REVISE THE PROJECTIONS, INCLUDING ANY REVISIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE OF THIS DISCLOSURE STATEMENT OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS, EVEN IF ANY OR ALL OF THE UNDERLYING ASSUMPTIONS DO NOT COME TO FRUITION. FURTHERMORE, THE DEBTORS DO NOT INTEND TO UPDATE OR REVISE THE PROJECTIONS TO REFLECT CHANGES IN GENERAL ECONOMIC OR INDUSTRY CONDITIONS.

B. Acceptance of the Plan

As a condition to confirmation, the Bankruptcy Code requires that each Class of Impaired Claims vote to accept the Plan, except under certain circumstances.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds (⅔) in dollar amount and more than one-half (½) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the Plan. Thus, Classes 4 and 5 will have voted to accept the Plan only if two-thirds (⅔) in amount and a majority in number actually voting in each Class cast their Ballots in favor of acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting a plan.

C. Best Interests Test

Even if a plan is accepted by the holders of each class of claims and interests, the Bankruptcy Code requires a Bankruptcy Court to determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a Bankruptcy Court to find either that all members of an impaired class of claims or interests have accepted the plan, or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the Debtors were liquidated under Chapter 7, a Bankruptcy Court must first determine the aggregate dollar amount that would be generated from a debtor's assets if its

Chapter 11 cases were converted to Chapter 7 cases under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a Chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by: (i), the claims of secured creditors to the extent of the value of their collateral; and, (ii) by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 cases and the Chapter 11 cases. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in the Chapter 11 Cases (such as compensation of attorneys, financial advisors and accountants) that are allowed in the Chapter 7 cases, litigation costs, and claims arising from the operations of the debtor during the pendency of the Chapter 11 Cases. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general claims or to make any distribution in respect of equity interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection claims.

Once the court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

D. Liquidation Analysis

To determine the amount of liquidation value available to creditors, HLHZ prepared, at the request of the Debtors, a liquidation analysis that provides an estimate of the proceeds that may be generated as a result of a hypothetical Chapter 7 liquidation for the Debtors commencing on February 1, 2005. While the Debtors and HLHZ believe that the assumptions underlying the liquidation analysis are reasonable, it is possible that certain of those assumptions would not be realized in an actual liquidation. The liquidation analysis (the "Liquidation Analysis") is set forth as Appendix B to the Disclosure Statement.

Notwithstanding the foregoing, the Debtors believe that any liquidation analysis with respect to the Debtors is inherently speculative. The Liquidation Analysis for the Debtors necessarily contains estimates of the net proceeds that would be received from a forced sale of assets and/or business units, as well as the amount of Claims that will ultimately become Allowed Claims. In preparing the Liquidation Analysis, HLHZ have projected an amount of Allowed Claims that is at the lowest end of a range of reasonableness such that, for purposes of the Liquidation Analysis, the largest possible Chapter 7 liquidation dividend to holders of Allowed Claims can be assessed. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation,

any determination of the value of any distribution to be made on account of Allowed Claims under the Plan.

E. Valuation of the Reorganized Debtors

HLHZ, at the request of the Debtors, performed a valuation analysis for the purposes of determining the value available to distribute to holders of Claims pursuant to the Plan and to analyze the relative recoveries to holders of Claims thereunder. This analysis was based on the Debtors' financial projections, as well as current market conditions and statistics. The values are based upon information available to, and analyses undertaken by, HLHZ during December 2004.

The reorganization value of the Reorganized Debtors was assumed for the purposes of the Plan by the Debtors, based on the analyses used by HLHZ described below, to be $550 million to $620 million, with a midpoint of $585 million, with respect to PGR, $480 million to $550 million, with a midpoint of $515 million, with respect to UPP, and $1.03 billion to $1.17 billion, with a midpoint of $1.1 billion, on a consolidated basis. Based upon the reorganization value of the Reorganized Debtors' business and an assumed fair market value[6] of total debt of $670 million, the Debtors have employed an assumed equity value for the Reorganized Debtors of $360 million to $500 million, with a midpoint of $430 million, on a consolidated basis.

The foregoing valuations are based on a number of measured assumptions, including a successful reorganization of the Debtors' finances in a timely manner, the achievement of the forecasts reflected in the financial Projections, the outcome of certain expectations regarding market conditions, and the Plan becoming effective in accordance with its terms. The estimates of value represent hypothetical reorganization values of the Reorganized Debtors as the continuing operator of their business and assets, and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. The value of an operating business such as the Debtors' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business.

In preparing the estimated reorganization value of the Reorganized Debtors and the going concern value of the Debtors' business, HLHZ: (i) reviewed certain historical financial information of the Debtors for recent years and interim periods; (ii) reviewed and relied upon the Projections prepared by PA, energy industry advisor to the Prepetition Agent; (iii) reviewed certain internal financial and operating data of the Debtors, including financial and operational projections developed by management relating to its business and prospects; (iv) met with certain members of senior management of the Debtors to discuss operations and future prospects; and (v) considered certain economic and industry information relevant to the operating business.

---

6 The fair market value of debt reflects a discount factor from face amount of new debt issued to account for the below market interest rate and the PIK features with respect to the New Term A Loan A Facility and the New Term B Loan Facility.

Although HLHZ conducted a review and analysis of the Debtors' business, operating assets and liabilities and business plan, HLHZ assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors, PA and other publicly available information.

HLHZ's primary valuation methodology was the discounted cash flow approach. HLHZ also performed a capacity multiple analysis that it used as a reference benchmark in performing its valuation.

In preparing the discounted cash flow analysis, HLHZ used the Projections detailed in Appendix C. The debt-free cash flows of PGR and UPP derived from the Projections were discounted at rates determined from an analysis of comparable publicly traded merchant energy companies and an assessment of the relative size and risk characteristics of the Projects. HLHZ calculated a 10.5% discount rate for PGR and UPP with a selected range of 10.0% to 11.0%. HLHZ further assumed no plant terminal value after a 30-year life.

In the capacity multiple analysis, the plant capacities were capitalized by a Price per Kwh capacity multiple derived for each facility from a study of recent comparable energy facility transactions proximate to PGR and UPP. A range of $275 to $300 per Kwh capacity was utilized for PGR on 2,146 MW of assumed capacity, and a range of $200 to $225 per Kwh was used for UPP on 2,152 MW of assumed capacity. These levels are reflective of recent combined cycle transactions in WECC in the case of PGR, and SERC in the case of UPP, after consideration of relevant unit specific issues (contract versus merchant generation, etc.).

HLHZ considered non-operating assets and liabilities such as excess land value, excess cash, environmental claims and required working capital funding, and determined that no valuation adjustment was necessary for these factors in deriving reorganization value.

Kroll Zolfo, financial advisor to the Prepetition Agent, and PA have reviewed the analysis of HLHZ and concur in the underlying assumptions and conclusions of HLHZ.

F. Application of the 'Best Interests' of Creditors Test to the Liquidation Analyses and the Valuation

It is impossible to determine with any specificity the value each Creditor will receive as a percentage of its Allowed Claim. This difficulty in estimating the value of recoveries is due to the inherent uncertainty of the value described above.

Notwithstanding the difficulty in quantifying recoveries to holders of Allowed Claims with precision, the Debtors believe that the financial disclosures and projections contained herein imply a greater or equal recovery to holders of Claims in Impaired Classes than the recovery available in a hypothetical Chapter 7 liquidation.

SUMMARY OF RECOVERY COMPARISONS

	Chapter 11 (1)	Chapter 7 (1)
PGR Pre-Petition Credit Obligations (2)	69.8%	28.5%
UPP Pre-Petition Credit Obligations (2)	69.8%	28.5%
Unimpaired General Unsecured Claims	100%	0%
Impaired General Unsecured Claims	< 1.0%	0%

(1) Reflects recovery percentage on total secured par plus accrued plus swap claims assuming secured claims are not limited to the value of the collateral.

(2) The estimated percentage recovery takes into account that Creditors in UPP Class 4 and PGR Class 4, while receiving New Term A Loan Notes, New Term A L/C Notes, New Term B Loan Notes and New Term B L/C Notes issued by Reorganized UPP and Reorganized PGR, respectively, receive under the Plan their pro rata share of Entegra Membership Interests based upon the aggregate Prepetition Banks Secured Claims.

In determining whether the best interest of creditors test has been satisfied, the Debtors have also applied such test to a Holder of an Allowed Class 4 Claim that voluntarily elects not to participate in the new Revolving Loan Facility and New LC Facility and, in turn, only receives New Entegra Membership Interests and third priority New Term B Loan Notes. The Debtors believe that such Holder will still receive more under the plan than such holder would receive in a hypothetical Chapter 7 liquidation.

Accordingly, the Debtors believe that the "best interests" test of section 1129 of the Bankruptcy Code is satisfied because the Debtors believe that the members of each Impaired Class will receive greater or equal value under the Plan than they would in a liquidation. Although the Debtors believe that the Plan meets the "best interests test" of section 1129(a)(7) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will determine that the Plan meets this test.

G. Confirmation Without Acceptance of All Impaired Classes: The 'Cramdown' Alternative

In view of the deemed rejection by holders of Class 6 and 7 Claims and Interests, the Debtors will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. The Debtors further reserve the right to seek confirmation of the Plan with respect to the holders of Class 5 Claims in the event such holders vote to reject the Plan. Specifically, section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even

if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of the debtors if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

The Debtors believe the Plan does not discriminate unfairly with respect to holders of Claims and Interests in Classes 6 and 7. Classes 6 and 7 includes all holders of Old Partnership Interests and claims subordinated to other Claims under section 510(b) or (c) of the Bankruptcy Code, holders of which are not entitled to payment under the absolute priority rule until all creditors have been paid in full. Thus, because all interest holders and subordinated claimholders are similarly treated, there is no unfair discrimination with respect to holders of Class 6 and 7 Claims and Interests.

A plan is fair and equitable as to a class of unsecured claims which rejects a plan if the plan provides (a) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtors believe that they will meet the "fair and equitable" requirements of section 1129(b) of the Bankruptcy Code with respect to holders of Class 6 and 7 Claims and Interests in that no holders of junior claims or interests will receive distributions under the Plan.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors and Prepetition Agent believe that the Plan affords Holders of Claims the potential for the greatest recovery and, therefore, is in the best interests of such Holders. The Plan as presented is the result of considerable negotiations among the Debtors, TECO, Prepetition Agent and the Prepetition Banks.

If, however, the requisite acceptances are not received, or the Plan is not confirmed and consummated, the theoretical alternatives include: (a) formulation of an alternative plan of reorganization or (b) liquidation of the Debtors under Chapter 7 or 11 of the Bankruptcy Code.

A. Alternative Plan(s) of Reorganization

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtors would continue to operate their business as debtors-in-possession and attempt to formulate and propose a different plan or plans or reorganization. Such a plan or plan(s) might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of assets. As a result of the Debtors reliance upon letters of credit to support their forward hedging activities, there is significant uncertainty whether the Debtors could survive as a going concern in protracted Chapter 11 cases.

The Debtors' business could suffer from increased costs, erosion of customer confidence and liquidity difficulties if they remained debtors-in-possession during a lengthy Chapter 11 process while trying to negotiate a plan of reorganization.

The Debtors believe that the Plan, which is the result of extensive negotiations between the Debtors and various creditor constituencies, enables creditors to realize the greatest possible value under the circumstances and that, compared to any later alternative plan of reorganization, the Plan has the greatest chance to be confirmed and consummated.

B. Liquidation Under Chapter 7 or Chapter 11

If no plan is confirmed, the Debtors may be forced to liquidate under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtors' assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective Holders of Claims against or Interests in the Debtors.

The Debtors believe that in a liquidation under Chapter 7, before creditors received any distribution, additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees would cause a substantial diminution in the value of the Debtors' Estates. Outstanding letters of credit which would otherwise not be drawn would be drawn. The assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtors' assets.

The Debtors could also be liquidated pursuant to the provisions of a Chapter 11 plan of reorganization. In a liquidation under Chapter 11, the Debtors' assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under Chapter 7. Thus, a Chapter 11 liquidation might result in larger recoveries than in a Chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Because a trustee is not required in a Chapter 11 case, expenses for professional fees could be lower than in a Chapter 7 case, in which a trustee must be appointed. Any distribution to the Holders of Claims under a Chapter 11 liquidation plan probably would be delayed substantially.

Although preferable to a Chapter 7 liquidation, the Debtors believe that any alternative liquidation under Chapter 11 is a much less attractive alternative to creditors than the Plan because of the greater return the Debtors believe is provided to creditors under the Plan.

XII. THE SOLICITATION; VOTING PROCEDURE

On [_____], 2005, the Bankruptcy Court entered an order approving, or conditionally approving, among other things, this Disclosure Statement, setting voting procedures and scheduling the hearing on confirmation of the Plan. A copy of the Notice of Confirmation Hearing is enclosed with this Disclosure Statement. The Notice of the Confirmation Hearing sets forth in detail, among other things, the voting deadlines and objection deadlines. The Notice of Confirmation Hearing and the instructions attached to the Ballot should be read in connection with this section of this Disclosure Statement.

If you are the Holder of a Claim entitled to vote on the Plan, and you have any questions about (a) the procedure for voting your Claim, (b) the packet of materials that you have received or (c) the amount of your Claim, or if you wish to obtain, at your own expense, unless otherwise specifically required by Federal Rule of Bankruptcy Procedure 3017(d), an additional copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact the Voting Agent at the following address and phone number:

KURTZMAN CARSON CONSULTANTS LLC
ATTN: Jonathan A. Carson
12910 Culver Blvd., Suite 1
Los Angeles, California 90066-6709
Telephone: (310) 823-9000
Facsimile: (310) 823-9133

The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code and that the disclosures by the Debtors concerning the Plan have been adequate and have included information concerning all payments made or promised by the Debtors in connection with the Plan and the Chapter 11 cases. In addition, the Bankruptcy Court must determine that the Plan has been proposed in good faith and not by any means forbidden by law, and under Bankruptcy Rule 3020(b)(2), it may do so without receiving evidence if no objection is timely filed.

In particular, the Bankruptcy Code requires the Bankruptcy Court to find, among other things, that (a) the Plan has been accepted by the requisite votes of all Classes of Impaired Claims and Interests unless approval will be sought under section 1129(b) of the Bankruptcy Code in spite of the dissent of one or more such Classes, (b) the Plan is "feasible" under section 1129(a)(11) of the Bankruptcy Code and (c) the Plan is in the "best interests" of all Claim Holders, which means that such Holders will receive at least as much under the Plan as they would receive in a liquidation under Chapter 7 of the Bankruptcy Code. The Bankruptcy Court must find that all conditions mentioned above are met before it can confirm the Plan. Thus, even if all the Classes of Impaired Claims against the Debtors accept the Plan by the requisite votes, the Bankruptcy Court must make an independent finding that the Plan conforms to the requirements of the Bankruptcy Code, that the Plan is feasible, and that the Plan is in the best

interests of the Holders of Claims against the Debtors. These statutory conditions to confirmation are discussed above.

UNLESS THE BALLOT BEING FURNISHED IS TIMELY SUBMITTED TO THE VOTING AGENT ON OR PRIOR TO THE VOTING DEADLINE TOGETHER WITH ANY OTHER DOCUMENTS REQUIRED BY SUCH BALLOT, THE DISCLOSURE STATEMENT ORDER PROVIDES FOR THE REJECTION OF SUCH BALLOT AS INVALID AND, THEREFORE, SUCH BALLOT WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PLAN.

A. Parties in Interest Entitled to Vote

Under section 1124 of the Bankruptcy Code, a class of claims is deemed to be "impaired" under a plan unless (1) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the Holder thereof or (2) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

In general, a Holder of a claim or interest may vote to accept or to reject a plan if (1) the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest, and (2) the claim or interest is impaired by the Plan. If the Holder of an impaired claim or interest will not receive any distribution under the plan in respect of such claim or interest, the Bankruptcy Code deems such Holder to have rejected the plan. If the claim or interest is not impaired, the Bankruptcy Code deems that the Holder of such claim or interest has accepted the plan and the plan proponent need not solicit such Holder's vote.

The Holder of a Claim against the Debtors that is "impaired" under the Plan is entitled to vote to accept or reject the Plan if (1) the Plan provides a distribution in respect of such Claim, and (2)(a) the Claim has been scheduled by the Debtors (and such claim is not scheduled as disputed, contingent or unliquidated), or (b) it has filed a proof of claim on or before the bar date applicable to such Holder, pursuant to sections 502(a) and 1126(a) of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure 3003 and 3018. Any Claim as to which an objection has been timely filed and has not been withdrawn or dismissed is not entitled to vote, unless the Bankruptcy Court, pursuant to Federal Rule of Bankruptcy Procedure 3018(a), upon application of the Holder of the Claim with respect to which there has been an objection, temporarily allows the Claim in an amount that the Bankruptcy Court deems proper for the purpose of accepting or rejecting the Plan.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. The Disclosure Statement Order also sets forth assumptions and procedures for tabulating Ballots that are not completed fully or correctly.

B. Classes Impaired under the Plan

Under the Plan and as shown on the chart above, there are two (2) classes of Impaired Claims for each Debtors that are entitled to vote: Classes 4 and 5. Claims in Classes 1, 2 and 3 are Unimpaired, which essentially means that holders of such Claims will be unaffected by the Plan and are deemed to accept the Plan. Holders of Interests in UPP, PGR, and TU Class 7, are not entitled to receive or retain any property under the Plan, but have agreed to support confirmation of the Plan pursuant to the Master Settlement Agreement. Accordingly, the votes of the Holders of such Interest will be solicited. Holders of Claims, if any, in Class 6 are not entitled to receive or retain any property under the Plan. Accordingly, under Section 1126(g) of the Bankruptcy Code, the votes of Holders of Class 6 Claims will not be solicited and such Holders are deemed to reject the Plan. Interests in FC Class 7 are held only by Debtor UPP. Accordingly, the votes of Debtor UPP will not be solicited and such Class is deemed to have accepted the Plan.

C. Further Information; Additional Copies

If you have any questions or require further information about the voting procedure for voting your Claim or about the packet of material you received, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d)), please contact the Voting Agent:

KURTZMAN CARSON CONSULTANTS LLC
ATTN: Jonathan A. Carson
12910 Culver Blvd., Suite 1
Los Angeles, California 90066-6709
Telephone: (310) 823-9000
Facsimilie: (310) 823-9133
jcarson@kccllc.com

XIII. CONCLUSION AND RECOMMENDATION

The hearing on confirmation of the Plan has been scheduled for [_____], 2005, at [____] (Mountain Standard Time). Such hearing may be adjourned from time to time by announcing such adjournment in open court, all without further notice to parties in interest, and the Plan may be modified by the Debtors, in consultation with and upon the consent of the Prepetition Agent as provided in Section 12.7 of the Plan, pursuant to section 1127 of the Bankruptcy Code prior to, during, or as a result of that hearing, without further notice to parties in interest. The time by which all objections to confirmation of the Plan must be filed with the Bankruptcy Court and received by the parties listed in the Confirmation Hearing Notice has been set for [_____], 2005, at [____] (Mountain Standard Time). A copy of the Confirmation Hearing Notice has been provided with this Disclosure Statement.

The Debtors and Prepetition Agent believe that confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will result in the greatest recoveries to Holders of Claims and Interests. Other alternatives would involve

significant delay, uncertainty and substantial additional administrative costs.

CONSEQUENTLY, THE DEBTORS AND PREPETITION AGENT STRONGLY URGE ALL HOLDERS OF CLAIMS TO VOTE TO ACCEPT THE PLAN AND TO EVIDENCE THEIR ACCEPTANCE BY DULY COMPLETING AND RETURNING THEIR BALLOTS SO THAT THEY WILL BE RECEIVED ON OR BEFORE THE 5:00 P.M., PREVAILING PACIFIC TIME, ON MARCH 14, 2005 BY THE VOTING AGENT.

Dated: [_____]
[_____], 2005

Respectfully Submitted,

UNION POWER PARTNERS, L.P.
by its General Partner
Union Power I, LLC

By: _____
Name: _____
Title: _____

PANDA GILA RIVER, L.P.
by its General Partner
Panda Gila River I, LLC

By: _____
Name: _____
Title: _____

TRANS-UNION INTERSTATE PIPELINE, L.P.,
by its General Partner, Trans-Union Interstate I, LLC

By: _____
Name: _____
Title: _____

UPP FINANCE CO., LLC,
by its managing member,
UNION POWER PARTNERS, L.P.

By: _____
Name: _____
Title: _____

Craig D. Hansen
Sean T. Cork
SQUIRE, SANDERS & DEMPSEY L.L.P.
Two Renaissance Square
40 North Central Avenue,
Suite 2700
Phoenix, Arizona 85004
Tel: 602.528.4000
Fax: 602.253.8129

Proposed Counsel for Debtors and
Debtors-in-Possession

APPENDIX A

JOINT PLAN OF REORGANIZATION
OF UNION POWER PARTNERS, L.P., PANDA GILA RIVER, L.P.,
TRANS-UNION INTERSTATE PIPELIE, L.P., AND UPP FINANCE CO., LLC

Filed Separately

APPENDIX B

LIQUIDATION ANALYSIS

At the Debtors' request, HLHZ has prepared this Liquidation Analysis which reflects the estimate of the proceeds that would be realized if the Debtors were to be liquidated in accordance with Chapter 7 of the Bankruptcy Code. The Liquidation Analysis assumes a Chapter 7 trustee would successfully conduct a sale of the Projects, in a period of six-months, to a buyer intending to operate such Projects. However, the Projects are assumed mothballed during the sale period with no generation activities, due to the uncertainty of a sale, desire to minimize operating risks in Chapter 7, and the inability to access borrowings to procure fuel, transmission and other services which would need to be paid-in-advance during the liquidation process. While there is greater certainty of execution, HLHZ believes values realized in a piecemeal liquidation of the various components of the Projects would be at a significant discount to values contained herein due to a variety of factors including, without limitation, the current glut of excess turbines and related components on the market and dismantling, demolition and transport costs, among others.

Key Assumptions

THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HEREIN.

This analysis assumes that the liquidation commences on February 1, 2005, and that the sale of the Projects is completed by August 1, 2005. During the six-month sales process, the Projects are assumed mothballed with no generation activities. The Trans Union Pipeline is integral to the operation of UPP, and for the purposes of this Liquidation Analysis, HLHZ has included the value of the Trans Union Pipeline in that derived for UPP on a total plant in service basis.

Estimated sales proceeds were calculated using a discounted cash flow analysis with assumptions that would likely be used by a buyer of these assets in a shortened sales process. Specifically, the PA "Low" case Projections were employed for PGR and the PA "High" case projections were employed for UPP with a 25% discount rate for years 2005 to 2011 for both plants (for 2005 only five months of operations are incorporated per the sale date assumption). See Projections on Appendix C to this Disclosure Statement. For both plants comprising the Projects, years 2012 to 2034 are discounted back to January 1, 2012 at a 10.5% discount rate, and that value is then discounted back to the sale date at the same 25% discount rate used for the 2005 to 2011 period. The discount rate for 2005 to 2011 reflects: (*i*) the inability of a buyer to use debt financing until the UPP and PGR energy markets improve to levels at or close to equilibrium in

2012; (*ii*) the limited current buyer universe for these assets; (*iii*) the necessarily short duration of a sale process; and (*iv*) the known forced-sale impact on bids.

The analysis also assumes current assets (excluding spare parts included as part of the Project sale) are liquidated, with the buyer responsible for necessary start-up costs of estimated at $7.5 million per facility.

Except as noted, the balance sheet values used are as of November 30, 2004, the most recent available. The November 30 figures are assumed representative of the Debtor's assets and liabilities as of the commencement of the liquidation.

DRAFT
01/19/2005

Liquidation Analysis Unaudited
(000's)

Value Distribution - Liquidation $ (000s)	Estimated 11/30/04 Net Book Value		Estimated Recovery Percentage			Estimated Liquidation Value	
	PGR	UPP	PGR	UPP		PGR	UPP
Current Assets							
Cash *	$ 21,020	$ 5,706	100.0%	100.0%	(1)	$ 21,020	$ 5,706
Accounts Receivable *	7,911	4,800	80.0%	80.0%	(2)	6,329	3,840
Hedging Assets	25,001	-	15.2%	0.0%	(3)	3,800	-
Inventory	8,639	7,847	0.0%	0.0%	(4)	-	-
Prepaid and Intercompany	2,476	29,514	0.0%	0.0%	(5)	-	-
Total Current	**65,047**	**47,867**	**47.9%**	**19.9%**		**31,149**	**9,546**
Other Assets							
Plant and Other PP&E, net	1,258,483	1,096,565	21.1%	15.0%	(6)	265,000	165,000
UPP Intercompany Notes	-	698,798	0.0%	0.0%	(7)	-	-
Capitalized LTSA Charges	21,421	14,125	0.0%	0.0%	(8)	-	-
Debt Issuance Costs, net	6,628	6,226	0.0%	0.0%	(9)	-	-
Total Other	**1,286,532**	**1,815,714**	**20.6%**	**9.1%**		**265,000**	**165,000**
Total Assets/Proceeds	**1,351,579**	**1,863,581**	**21.9%**	**9.4%**		**296,149**	**174,546**
Chapter 7 Administrative Claims							
One-Time Mothball Costs					(10)	1,800	1,800
Six Month Mothball Costs					(11)	2,600	3,200
Plant Employee Costs					(12)	200	200
Tampa Employee Costs					(13)	225	225
Professional Fees					(14)	2,850	2,850
Trustee Fee					(15)	1,300	800
Total Administrative Claims						**8,975**	**9,075**
Recovery Percentage						***100.0%***	***100.0%***
Value Available for Priority Claims						**287,174**	**165,471**
Priority Claims							
Real Estate Tax Liabilities					(16)	4,500	-
Total Priority Claims						**4,500**	-
Recovery Percentage						***100.0%***	***100.0%***
Value Available for Secured Claims						**282,674**	**165,471**

	Entegra Total
Total Value Available For Secured Claims	**448,145**
Secured Claims	
Project Term Loans	1,395,000
Swaps	68,155
Accrued Interest	111,929
LC Claims (17)	-
Total Secured Claims	**1,575,084**
Recovery Percentage	***28.5%***
Value Available for Unsecured & Equity	-
Recovery Percentage	***0.0%***

* Denotes book values other than 11/30/04. See notes for detail.

Notes to Liquidation Analysis:

1. Cash. 100% realization of cash on hand at November 30, 2004 less estimated cash burn of $7.6 million at PGR and $6.9 million at UPP from December 1, 2004 through January 31, 2005 to fund operations, less pay-down of January accounts payable not netted with counterparty accounts receivable of $5.8 million at PGR and $4.3 million at Union prior to Chapter 7 filing.

2. Accounts Receivable. Projected balance at January 31, 2005, net of counterparty accounts payable offsets allowed under the various master-netting arrangements in place. In a liquidation scenario, without access to cash collateral to wind-down the business, a combination of Debtors' personnel and collection agencies would be used to collect receivables, and estimated recoveries net of fees are estimated at 80% of amounts outstanding.

3. Hedging Assets. The hedging assets on the balance sheet include unearned premium amounts for which there are identical offsetting liabilities, and therefore are not relevant on a cash liquidation basis. The hedging assets had a mark-to-market cash value of approximately $5.0 million on December 28, 2004, of which forward power and gas contracts represented $3.2 million and heat rate call options represented the remaining $1.8 million. Because short-term traded power and gas markets have reasonable liquidity for standard products, recoveries are estimated at 85%. With the more opaque heat rate call options that will be subject to valuation interpretation, it is estimated the Debtors will receive a 60% recovery on mark-to-market value.

4. Inventory. Consists primarily of spare parts inventory. All inventory is assumed to be included in a sale of the Projects and, therefore, has no incremental recovery value.

5.	Prepaid and Intercompany.	This account consists primarily of a $28 million in receivable at UPP from FinanceCo that has corresponding liabilities and $2.8 million of prepaid insurance. Because there will be no recoveries for unsecured creditors of FinanceCo, the receivable is deemed worthless, as is the prepaid insurance, which is non-refundable in a mothball scenario.
6.	Plant and Other PP&E, net.	Recoveries on property, plant and equipment are estimated at the net concluded sale proceeds of the Projects on August 1, 2004. The sale proceeds of each plant comprising the Projects were based on the concluded discounted cash flow analyses using the PA "low" Projections of each plant with a discount rate of 25% from 2005-2011 and 10.5% from 2012-2034, with the projected value of the 2012-2034 cash flows at December 31, 2011 discounted to August 1, 2005 at 25%. See Projections on Appendix C to this Disclosure Statement. The estimated $7.5 million of start-up costs at each plant then reduced each of these values for the net estimated sale proceeds. Trans Union Pipeline is included in the UPP value, as these assets are assumed to be included in the sale of the UPP facility.
7.	UPP Intercompany Notes.	Represents accounting for the UPP financing structure that enables UPP's property tax exemption and, therefore, has no salable cash value.
8.	Capitalized LTSA Charges.	Represents accounting for the LTSA agreement that does not have any salable cash value.
9.	Debt Issuance Costs, net.	Reflects an intangible asset that does not have any salable cash value.
10.	One-Time Mothball Costs.	Estimated cost of preparing the Projects for mothball status.

11.	Six-Month Mothball Costs.	Estimated cost of maintaining the Projects in the mothball state during the six-month sales process.
12.	Plant Employee Costs.	Estimated retention and severance amounts paid to Project employees needed on a caretaker basis during the mothball period.
13.	Tampa Employee Costs.	Estimated retention and severance amounts paid to corporate employees needed on a caretaker basis during the mothball period.
14.	Professional Fees.	Total professional fees calculated as $600,000 per month for the initial three months in bankruptcy and $300,000 per month for the remaining three months in bankruptcy for legal services and accountants, plus $3 million for the sale transaction fees, allocated equally to each plant.
15.	Trustee Fees	Estimated at 0.5% of sale proceeds from each plant.
16.	Real-Estate Tax Liabilities.	Represents estimated real estate taxes owed at the filing date.
17.	LC Claims.	No letter of credit draws are assumed during the liquidation due to the assumed pre-payment of all outstanding accounts payable prior to filing (cash use detailed in Note 1). Note that while all accounts payable claims backed by letters of credit are assumed to be paid prior to bankruptcy, if the Debtors were to actually file Chapter 7 there is the potential for unplanned letter of credit draws, which would increase secured claims and reduce secured recoveries.

APPENDIX C

FINANCIAL PROJECTIONS

A. Introduction

As a condition to confirmation of the Plan, the Bankruptcy Code requires, among other things, that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation of, or the need for further financial reorganization of, the Debtors. In connection with the development of the Plan, and for purposes of determining whether the Plan satisfies this feasibility standard, HLHZ analyzed, at the request of the Debtors, the ability of the Reorganized Debtors to meet their obligations under the Plan with sufficient liquidity and capital resources to conduct their businesses.

In this regard, HLHZ has prepared below a feasibility analysis of the Reorganized Debtors' for Fiscal years 2005 through 2034. In preparing the feasibility analysis, HLHZ has relied, in part, on the revenue and expense Projections below that have been prepared by PA Consulting. HLHZ has reviewed such Projections and concurs in the reasonableness of the underlying assumptions and conclusions

THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH THEIR BUSINESS PLANS AND STRATEGIES OR MAKE EXTERNAL PROJECTIONS OR FORECASTS OF THEIR ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. ACCORDINGLY, EXCEPT AS OTHERWISE REQUIRED UNDER THE NEW CREDIT AGREEMENTS, THE DEBTORS (INCLUDING THE REORGANIZED DEBTORS) DO NOT ANTICIPATE THAT THEY WILL, AND DISCLAIM ANY OBLIGATION TO, FURNISH UPDATED BUSINESS PLANS OR PROJECTIONS TO HOLDERS OF CLAIMS OR INTERESTS OR OTHER SECURITY HOLDERS, PRIOR TO OR AFTER THE EFFECTIVE DATE, OR TO INCLUDE SUCH INFORMATION IN DOCUMENTS REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR OTHER AGENCIES OR OTHERWISE TO MAKE SUCH INFORMATION PUBLIC. NO PERSON SHOULD RELY ON THE CONTINUED ACCURACY OF ANY PROJECTIONS OR FORECASTS CONTAINED HEREIN FOR THE PURPOSE OF TRADING IN ANY SECURITIES OF THE DEBTORS OR THE REORGANIZED DEBTORS.

The Projections and resulting feasibility analysis discussed in this Appendix includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21G of the Securities Exchange Act of 1934, as amended. The Projections and resulting feasibility analysis are based on, and assume the successful implementation of, the Reorganized Debtors' business strategy. The Projections and resulting feasibility analysis reflect numerous assumptions, including various assumptions regarding the anticipated future performance of the Reorganized Debtors, industry performance, general business and economic conditions, competition in

the industry, complex tax issues and other matters, most of which are beyond the control of the Debtors. Therefore, although the Projections and resulting feasibility analysis are necessarily presented with numerical specificity, the actual results of operations achieved may vary from projected results. These variations may be material. Accordingly, no representation can be or is being made with respect to the accuracy of the Projections or the ability of the Reorganized Debtors to achieve the Projections. Although the Debtors and HLHZ believe that the assumptions underlying the Projections, when considered on an overall basis, are reasonable in light of current circumstances, no assurance can be or is being given that the Projections will be realized. In deciding whether or not to accept or reject the Plan, holders of Claims must make their own determinations as to the reasonableness of such assumptions and the reliability of the Projections. See "Risk Factors" for a discussion of certain factors that may affect the future financial performance of the Reorganized Debtors and of various risks associated with the Plan.

The Projections were not prepared with a view towards complying with the guidelines for prospective financial statements published by the American Institute of Certified Public Accountants. The Debtors' independent accountant has neither compiled nor examined the accompanying prospective financial information to determine the reasonableness thereof and, accordingly, has not expressed an opinion or any other form of assurance with respect thereto.

B. PA consulting's Preparation of the Projections

PA Consulting's approach to formulating the Projections for the Projects was primarily based primarily on a production cost-based fundamental analysis. This approach provides an estimate of the fundamental economic drivers of electricity prices and how these change over time. For units that are capable of responding to electricity and fuel price volatility, the addition of the volatility analysis provides important insight into the additional value that the plants can generate by adjusting their operating strategy to take advantage of favorable prices while minimizing losses from unfavorable prices. PA Consulting also analyzed the impact of transmission on plant operation, energy and capacity prices when deriving financial projections.

Fundamental Model.

Forecasted energy prices and production are based on a fundamental market analysis of the markets of interest for 20 years from the Effective Date, using a production-cost model. PA Consulting used a detailed chronological production-cost model to simulate energy price formation in the region. Price formation is based on the sequential dispatch of generation units according to short-run marginal costs. The model incorporates the impact of critical market drivers, including generation characteristics, fuel price forecasts, cost of new entry, and costs of existing plants.

PA Consulting calculated available capacity compensation using its Capacity Compensation Simulation Model. Capacity compensation represents the payments that would be required by generators to recover fixed going-forward costs. Compensation for capacity may take many forms. Payments could be in the form of a capacity price arising

from a capacity market, a regulated payment fee, bilateral option contracts, payments by the ISO for ancillary services, or energy prices above the marginal cost of the price-setting plant. Regardless of the form, the sum of the compensation for capacity and for energy will ultimately reflect what customers are willing to pay for both energy services and reliability.

Volatility Model.

PA Consulting's volatility model determined the optimal dispatch and performance of a unit given a statistical characterization of future power and fuel prices. The mean power price is determined by the forward market in the short term, and then by PA Consulting's fundamental model. Recent market data is used to determine spot and forward price volatilities, spot and forward correlations between power and fuel prices, as well as the statistical characteristics of both power and fuel price spikes. This model is typically used to determine the impact of forward power prices, to capture characteristics such as LTSA agreements or must-take fuel contracts that are difficult to include in a fundamental model, and to calculate the proportion of the annual capacity compensation determined by PA Consulting's capacity compensation simulation model that will be captured by low capacity factor peaking units.

Transmission Model.

The impact of transmission on plant operation and energy and capacity prices is determined through transmission analysis. PA Consulting used data available from a large number of sources to determine expected transmission constraints, including published constraint and flowgate data, thermal ratings of lines and equipment, and planned or proposed transmission additions and modifications. To the extent possible, constraints and general transmission conditions are verified using power flow analysis. These constraints are made part of the production-cost models and are thus reflected in the fundamental model. PA Consulting assumed that additional or upgraded facilities will be built in the future, where there is substantial economic incentive for them, and where a reasonably feasible solution is available.

C. Market Outlook

Over the last decade, the U.S. power industry has experienced extended business cycles of both exuberance and correction. During the 1990s, supply was stagnant while demand continued to grow, thus reserve margins tightened. From 1990 through 1999, the average demand growth in the U.S. was 2.7% and by 1999, reserve margins had fallen to 7.5%.[7] As reserve margins tightened, current and projected spark spreads (i.e., electricity price less fuel cost of generation) of power plants generally increased. As high spark spreads coincided with the optimism of widespread deregulation, power producers responded by adding an abundance of new generation. Approximately 127 gigawatts (GW) of additional capacity came on-line from 2000 through 2002. Comparatively, only

[7] 2003 North American Electric Reliability Council (NERC) Electric Supply and Demand Database

60 GW came on-line during the previous 10 years. By the end of 2002, the oversupply of capacity in most U.S. markets caused a decline in spark spreads, which are not expected to recover until the end of the decade.

Due to the relatively long lead-time from project implementation to commercial online date (3-5 years for combined cycle plants), investors and plant owners were often unable to abandon projects due to the amount of capital already invested. Although construction may not have been far along, gas turbines had been purchased well in advance, assuring secure delivery and timely construction. This timing impact adversely affected the Union and Gila River facilities.

The SERC-Entergy and WECC markets reflect the inverse relationship between reserve margins and spark spreads. While PA Consulting sees signs that wholesale power prices are beginning to slowly recover, the considerable overbuild continues to hinder the financial performance of the projects, particularly UPP. Market equilibrium, defined as the point when resources are consistent with load and reserves, is expected to occur in 2014. The Entergy market within SERC is extremely overbuilt, and it is possible that without sufficient transmission upgrades, Entergy will not reach equilibrium until 2017. Meanwhile, market equilibrium in WECC is expected to occur in 2010.

D. Reference Case

PA Consulting derived a range of projections for the Projects based on its understanding of the operational capability of the Projects, its view of the regulatory and commercial characteristics of each relevant region, among other relevant factors. The following is a brief description of the assumptions underlying the range of Projections:

- UPP: Founded on Entergy's history of dispatching its less efficient facilities ahead of the more efficient facilities in the region. Utilizes fundamental modeling only.
- UPP-High: Assumes UPP operating and commercial strategies will mitigate the impact of Entergy's dispatch decisions. Utilizes fundamental modeling only.
- UPP-High (SERC): UPP-High as described above, combined with access to the greater SERC market due to enhanced transmission and a shift in the current regulatory regime. Utilizes fundamental modeling only.
- PGR-Low: Based on results from PA Consulting's fundamental market model for all years.
- PGR-High: PA Consulting combined its fundamental and volatility modeling approaches to derive financial projections in the high case.

From this range of projections, HLHZ developed a specific reference case for the purposes of assessing feasibility of the proposed Plan. The feasibility sensitivity utilized certain PA Consulting financial projections, as follows:[8]

---

[8] 2005 projections are based on Entegra's 2005 budget.

- UPP: For years 2006 to 2012, it reflects the PA "High" case; and for 2013 and beyond it reflects the PA "High (SERC)" case
- PGR: Reflects the PA "Low" Case.

The following table summarizes the financial projections used in HLHZ's analysis:

	Low	High	High (SERC)
UPP	Not Utilized	2006-2012	2013-2034
PGR	2006-2034	Not Utilized	N/A

E. Cash Flow Summary

The following is an overview of the sources of revenue and expense inherent in the Projections. Additional fees and capital expenditure detail is also provided to illustrate the components that yield Cash Flow Available for Debt Service ("CAFDS").

Revenues

- Total Revenues: As follows:
  - Energy Revenues: PA Consulting simulated the hourly market clearing price of energy using MULTISYM™ (developed by Henwood Energy Services, Inc.), a production-costing framework that allows the characterization of multiple pricing areas within larger transmission regions. Each major generating unit within a transmission area is represented individually in the MULTISYM™ production-costing model using unit-specific cost and operating characteristics. The MULTISYM™ model is used to perform an hour-by-hour chronological simulation of the commitment and dispatch of generation resources.
  - Capacity Compensation: As noted, the output of the production cost model described above is used in PA Consulting's Capacity Compensation Simulation Model to develop the annual capacity contribution.

Expenses

PA Consulting utilized company budget information as well as additional analyses as a baseline for its expense assumptions. After 2005 unless noted, PA escalated 2005 cost projections using a forecasted GDP inflation rate as appropriate, or utilized other more refined sources of information where available. Expenses are segmented into variable and fixed components.

Variable Expenses

- Fuel: Incorporated PA's gas price forecast and forecasted fuel burn.
- Variable O&M: Non-LTSA costs (consumables) are based on Entegra 2005 budget estimates ($/MWh) and PA Consulting's forecasted generation. After 2005, the cost ($/MWh) is escalated with inflation.
- NOx: Incorporated PA's NOx price forecast and forecasted fuel burn.

Fixed Expenses

- Fixed Transportation and Transmission: Based on Entegra's 2005 budget estimates.
- General Fixed O&M: Based on Entegra's 2005 budget estimates.
- Property Taxes: As follows:
  - Union: Due to the Act 9 bond structure, Union makes small payments to the county in lieu of property taxes. These payments are estimated based on Entegra's 2005 budget.
  - Gila River: Property taxes are presented on a cash basis based on Entegra's estimates. Escalation through 2014 is based on Entegra estimates. After 2014, projection assumes the GDP inflation forecast.
- Extraordinary Expenses: Based on Entegra's 2005 budget estimates of one-time transition costs including consultant fees for restructuring.
- Working Capital (LC) Fees: Based on Entegra estimates as presented in the Company's 2005 budget.

Capital Expenditures

EBITDA is reduced by the following to yield CAFDS.

- LTSA Capital Expenditure: Entegra estimates of the costs associated with its Long Term Service Agreement (LTSA) with General Electric Power Systems (GEPS), under which GE provides parts and parts repair services for the combustion and steam turbines.
- Other Capital Expenditure: Entegra estimates of discrete major maintenance and Cap Ex costs expected to arise over the valuation period.

Feasibility Analysis
(Consolidated Basis)

Feasibility
$ (000s)

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Entegra Cash Flows											
EBITDA (1)		(9,055)	20,283	28,053	47,325	88,135	164,911	213,518	234,542	248,812	309,558
Capital Expenditures		(1,158)	(1,180)	(1,204)	(2,386)	(4,200)	(1,285)	(3,172)	(1,354)	(17,304)	(2,767)
LTSA Capital Expenditures		-	-	(11,000)	(44,596)	(65,692)	(32,096)	-	-	(40,132)	(80,201)
Total		**(10,214)**	**19,103**	**15,849**	**343**	**18,243**	**131,530**	**210,346**	**233,189**	**191,376**	**226,589**
Cash Interest Payments											
Revolver		-	-	-	-	-	-	-	-	-	-
LC Facility		(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Term A		-	-	-	-	-	-	-	-	-	-
Term B		-	-	-	-	-	-	-	-	-	-
Refinanced Term A		-	-	-	-	-	-	-	(54,000)	(54,000)	(54,000)
Refinanced Term B		-	-	-	-	-	-	-	-	-	-
Total		**(3,000)**	**(3,000)**	**(3,000)**	**(3,000)**	**(3,000)**	**(3,000)**	**(3,000)**	**(57,000)**	**(57,000)**	**(57,000)**
Total Cash Flow		**$ (13,214)**	**$ 16,103**	**$ 12,849**	**$ (2,657)**	**$ 15,243**	**$ 128,530**	**$ 207,346**	**$ 176,189**	**$ 134,376**	**$ 169,589**
Changes in Debt Balances											
Cash From (To) Revolver		-	-	-	-	-	-	-	-	-	-
Cash From (To) Refinanced Debt		-	-	-	-	-	-	(264,000)	-	-	-
Total		-	-	-	-	-	-	**(264,000)**	-	-	-
Beginning Cash		47,867	34,654	50,757	63,606	60,949	76,193	204,722	148,068	324,257	458,633
Change in Cash		(13,214)	16,103	12,849	(2,657)	15,243	128,530	(56,654)	176,189	134,376	169,589
Ending Cash		**34,654**	**50,757**	**63,606**	**60,949**	**76,193**	**204,722**	**148,068**	**324,257**	**458,633**	**628,222**
Debt Balances (2)											
Revolver	-	-	-	-	-	-	-	-	-	-	-
Term A	675,000	702,000	729,000	756,000	783,000	810,000	837,000	864,000	-	-	-
Term B	650,000	708,500	767,000	825,500	884,000	942,500	1,001,000	1,059,500	1,118,000	1,176,500	1,235,000
Refinanced Term A	-	-	-	-	-	-	-	-	600,000	600,000	600,000
Refinanced Term B	-	-	-	-	-	-	-	-	-	-	-
Total		**1,410,500**	**1,496,000**	**1,581,500**	**1,667,000**	**1,752,500**	**1,838,000**	**1,923,500**	**1,718,000**	**1,776,500**	**1,835,000**
LC Facility											
LCs Issued (Undrawn)		160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Interest Rates											
Revolver	LIBOR + 4.0%	7.0%	7.4%	7.6%	7.8%	8.0%	8.1%	8.2%	8.3%	8.5%	8.6%
LCs Issued (Undrawn)		1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Term A		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	na	na	na
Term B		9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Refinanced Term A		na	na	na	na	na	na	na	9.0%	9.0%	9.0%
Refinanced Term B		na	na	na	na	na	na	na	na	na	na
								Note 3			
Total Debt/EBITDA		nmf	73.8x	56.4x	35.2x	19.9x	11.1x	7.8x	7.3x	7.1x	5.9x
Net Debt/EBITDA		nmf	71.3x	54.1x	33.9x	19.0x	9.9x	7.1x	5.9x	5.3x	3.9x
Cash-Pay Debt/EBITDA		nmf	0.0x	0.0x	0.0x	0.0x	0.0x	2.8x	2.6x	2.4x	1.9x
Net Cash-Pay Debt/EBITDA		nmf	nmf	nmf	nmf	nmf	nmf	2.1x	1.2x	0.6x	nmf
(EBITDA-CapEx)/Total Interest		nmf	0.2x	0.2x	0.0x	0.2x	1.5x	2.4x	2.0x	1.7x	2.0x
(EBITDA-CapEx)/Cash Interest		nmf	6.4x	5.3x	0.1x	6.1x	43.8x	70.1x	4.1x	3.4x	4.0x
Forecast LIBOR		3.04%	3.39%	3.57%	3.77%	3.96%	4.09%	4.21%	4.34%	4.46%	4.58%

(1) 2005 EBITDA includes approximately $29.4 million of non-recurring expenses.
(2) Debt balances assumed as of 1/1/05.
(3) 2011 Debt/EBITDA figures based on pro-forma refinanced Term A debt.
(4) 2019 Debt/EBITDA figures based on pro-forma refinanced Term B debt.

Feasibility Analysis
(Consolidated Basis)

Feasibility
$ (000s)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Entegra Cash Flows										
EBITDA (1)	338,090	344,329	354,543	358,533	360,775	360,613	365,089	382,848	391,588	400,528
Capital Expenditures	(18,939)	(1,506)	(1,550)	(17,668)	(3,957)	(17,189)	(5,859)	(1,806)	(23,235)	(1,922)
LTSA Capital Expenditures	(40,069)	-	-	(42,410)	(42,410)	-	(49,322)	(49,322)	(49,511)	(49,511)
Total	**279,082**	**342,823**	**352,993**	**298,455**	**314,408**	**343,424**	**309,908**	**331,720**	**318,843**	**349,096**
Cash Interest Payments										
Revolver	-	-	-	-	-	-	-	-	-	-
LC Facility	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Term A	-	-	-	-	-	-	-	-	-	-
Term B	-	-	-	-	-	-	-	-	-	-
Refinanced Term A	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)
Refinanced Term B	-	-	-	-	-	-	-	-	-	-
Total	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**
Total Cash Flow	**$ 222,082**	**$ 285,823**	**$ 295,993**	**$ 241,455**	**$ 257,408**	**$ 286,424**	**$ 252,908**	**$ 274,720**	**$ 261,843**	**$ 292,096**
Changes in Debt Balances										
Cash From (To) Revolver	-	-	-	-	-	-	-	-	-	-
Cash From (To) Refinanced Debt	-	-	-	-	(1,527,500)	-	-	-	-	-
Total	-	-	-	-	**(1,527,500)**	-	-	-	-	-
Beginning Cash	628,222	850,304	1,136,127	1,432,120	1,673,575	403,483	689,907	942,815	1,217,535	1,479,378
Change in Cash	222,082	285,823	295,993	241,455	(1,270,092)	286,424	252,908	274,720	261,843	292,096
Ending Cash	**850,304**	**1,136,127**	**1,432,120**	**1,673,575**	**403,483**	**689,907**	**942,815**	**1,217,535**	**1,479,378**	**1,771,474**
Debt Balances (2)										
Revolver	-	-	-	-	-	-	-	-	-	-
Term A	-	-	-	-	-	-	-	-	-	-
Term B	1,293,500	1,352,000	1,410,500	1,469,000	1,527,500	-	-	-	-	-
Refinanced Term A	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Refinanced Term B	-	-	-	-	-	-	-	-	-	-
Total	**1,893,500**	**1,952,000**	**2,010,500**	**2,069,000**	**2,127,500**	**600,000**	**600,000**	**600,000**	**600,000**	**600,000**
LC Facility										
LCs Issued (Undrawn)	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Interest Rates										
Revolver LIBOR + 4.0%	8.6%	8.7%	8.7%	8.7%	8.8%	8.8%	8.9%	8.9%	8.9%	8.9%
LCs Issued (Undrawn)	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Term A	na	na	na	na	na	na	na	na	na	na
Term B	9.0%	9.0%	9.0%	9.0%	9.0%	na	na	na	na	na
Refinanced Term A	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Refinanced Term B	na	na	na	na	na	10.0%	10.0%	10.0%	10.0%	10.0%
					Note 4					
Total Debt/EBITDA	5.6x	5.7x	5.7x	5.8x	1.7x	1.7x	1.6x	1.6x	1.5x	1.5x
Net Debt/EBITDA	3.1x	2.4x	1.6x	1.1x	0.5x	nmf	nmf	nmf	nmf	nmf
Cash-Pay Debt/EBITDA	1.8x	1.7x	1.7x	1.7x	1.7x	1.7x	1.6x	1.6x	1.5x	1.5x
Net Cash-Pay Debt/EBITDA	nmf	nmf	nmf	nmf	0.5x	nmf	nmf	nmf	nmf	nmf
(EBITDA-CapEx)/Total Interest	2.4x	3.0x	3.1x	2.6x	2.7x	6.0x	5.4x	5.8x	5.6x	6.1x
(EBITDA-CapEx)/Cash Interest	4.9x	6.0x	6.2x	5.2x	5.5x	6.0x	5.4x	5.8x	5.6x	6.1x
Forecast LIBOR	4.62%	4.66%	4.70%	4.74%	4.78%	4.82%	4.85%	4.89%	4.90%	4.90%

(1) 2005 EBITDA includes approximately $29.4 million of non-recurring expenses.
(2) Debt balances assumed as of 1/1/05.
(3) 2011 Debt/EBITDA figures based on pro-forma refinanced Term A debt.
(4) 2019 Debt/EBITDA figures based on pro-forma refinanced Term B debt.

Feasibility Analysis
(Consolidated Basis)

Feasibility
$ (000s)

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Entegra Cash Flows										
EBITDA (1)	409,628	418,887	428,338	437,987	447,809	457,843	468,090	478,555	489,241	500,154
Capital Expenditures	(1,983)	(3,974)	(32,256)	(2,179)	(2,249)	(2,322)	(2,397)	(7,136)	(56,322)	(2,636)
LTSA Capital Expenditures	-	(56,008)	(112,147)	(56,139)	-	-	-	(134,675)	(134,675)	-
Total	**407,645**	**358,906**	**283,935**	**379,669**	**445,560**	**455,521**	**465,694**	**336,744**	**298,245**	**497,518**
Cash Interest Payments										
Revolver	-	-	-	-	-	-	-	-	-	-
LC Facility	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)	(3,000)
Term A	-	-	-	-	-	-	-	-	-	-
Term B	-	-	-	-	-	-	-	-	-	-
Refinanced Term A	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)	(54,000)
Refinanced Term B	-	-	-	-	-	-	-	-	-	-
Total	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**	**(57,000)**
Total Cash Flow	**$ 350,645**	**$ 301,906**	**$ 226,935**	**$ 322,669**	**$ 388,560**	**$ 398,521**	**$ 408,694**	**$ 279,744**	**$ 241,245**	**$ 440,518**
Changes in Debt Balances										
Cash From (To) Revolver	-	-	-	-	-	-	-	-	-	-
Cash From (To) Refinanced Debt	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Beginning Cash	1,771,474	2,122,119	2,424,025	2,650,960	2,973,629	3,362,189	3,760,710	4,169,404	4,449,148	4,690,392
Change in Cash	350,645	301,906	226,935	322,669	388,560	398,521	408,694	279,744	241,245	440,518
Ending Cash	**2,122,119**	**2,424,025**	**2,650,960**	**2,973,629**	**3,362,189**	**3,760,710**	**4,169,404**	**4,449,148**	**4,690,392**	**5,130,910**
Debt Balances (2)										
Revolver	-	-	-	-	-	-	-	-	-	-
Term A	-	-	-	-	-	-	-	-	-	-
Term B	-	-	-	-	-	-	-	-	-	-
Refinanced Term A	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Refinanced Term B	-	-	-	-	-	-	-	-	-	-
Total	**600,000**	**600,000**	**600,000**	**600,000**	**600,000**	**600,000**	**600,000**	**600,000**	**600,000**	**600,000**
LC Facility										
LCs Issued (Undrawn)	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000	160,000
Interest Rates										
Revolver LIBOR + 4.0%	9.0%	9.1%	9.1%	9.1%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%
LCs Issued (Undrawn)	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%
Term A	na	na	na	na	na	na	na	na	na	na
Term B	na	na	na	na	na	na	na	na	na	na
Refinanced Term A	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%	9.0%
Refinanced Term B	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Debt/EBITDA	1.5x	1.4x	1.4x	1.4x	1.3x	1.3x	1.3x	1.3x	1.2x	1.2x
Net Debt/EBITDA	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf
Cash-Pay Debt/EBITDA	1.5x	1.4x	1.4x	1.4x	1.3x	1.3x	1.3x	1.3x	1.2x	1.2x
Net Cash-Pay Debt/EBITDA	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf	nmf
(EBITDA-CapEx)/Total Interest	7.2x	6.3x	5.0x	6.7x	7.8x	8.0x	8.2x	5.9x	5.2x	8.7x
(EBITDA-CapEx)/Cash Interest	7.2x	6.3x	5.0x	6.7x	7.8x	8.0x	8.2x	5.9x	5.2x	8.7x
Forecast LIBOR	5.01%	5.05%	5.09%	5.13%	5.17%	5.20%	5.21%	5.21%	5.21%	5.21%

(1) 2005 EBITDA includes approximately $29.4 million of non-recurring expenses.
(2) Debt balances assumed as of 1/1/05.
(3) 2011 Debt/EBITDA figures based on pro-forma refinanced Term A debt.
(4) 2019 Debt/EBITDA figures based on pro-forma refinanced Term B debt.

Projections
(Consolidated Basis)

Consolidated	Units	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Capacity	MW	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Production	GWh	6,622	8,321	8,237	11,281	13,199	16,011	17,930	18,391	19,814	18,720
Capacity Factor											
Total Revenues	$'000	525,435	546,774	484,543	543,462	648,648	825,961	965,268	1,033,548	1,129,769	1,177,576
Expenses:											
Variable:											
Fuel	$'000	428,862	446,469	374,000	409,822	470,713	566,216	654,266	699,473	778,731	764,212
Variable O&M	$'000	1,888	2,450	2,385	3,430	4,076	5,171	5,933	6,185	6,906	6,507
Nox	$'000	-	-	-	-	-	1,771	2,032	2,136	2,349	2,299
Total Variable	$'000	430,750	448,920	376,385	413,252	474,788	573,159	662,231	707,794	787,986	773,018
Energy Margin	$'000	94,685	97,854	108,158	130,209	173,860	252,802	303,037	325,754	341,784	404,558
Fixed Expenses:											
Fixed Transportation and Transmission	$'000	29,001	29,548	30,141	30,766	31,436	32,188	33,043	33,896	34,749	35,679
General Fixed O&M	$'000	52,290	42,829	43,690	44,596	45,567	46,656	47,897	49,132	50,369	51,718
Property Taxes	$'000	3,269	5,194	6,273	7,521	8,722	9,048	8,579	8,184	7,853	7,603
Extraordinary Expenses	$'000	19,180	-	-	-	-	-	-	-	-	-
Total Fixed Expenses	$'000	103,740	77,571	80,105	82,884	85,724	87,891	89,519	91,212	92,972	95,000
Total Expenses	$'000	534,491	526,491	456,490	496,137	560,513	661,050	751,750	799,006	880,958	868,018
EBITDA	$'000	(9,055)	20,283	28,053	47,325	88,135	164,911	213,518	234,542	248,812	309,558
Capital Expenditure											
LTSA Capital Expenditure	$'000	-	-	11,000	44,596	65,692	32,096	-	-	40,132	80,201
Other Capital Expenditure	$'000	1,158	1,180	1,204	2,386	4,200	1,285	3,172	1,354	17,304	2,767
Total Capital Expenditure	$'000	1,158	1,180	12,204	46,982	69,892	33,381	3,172	1,354	57,436	82,968
LC Fees	$'000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Cash Flow Available for Debt Service	$'000	(13,214)	16,103	12,849	(2,657)	15,243	128,530	207,346	230,189	188,376	223,589

(1) 2005 EBITDA includes approximately $29.4 million of non-recurring expenses.

Projections
(Consolidated Basis)

Consolidated	Units	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capacity	MW	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Production	GWh	19,766	19,674	19,764	18,751	18,952	18,093	17,947	18,224	18,224	18,224
Capacity Factor											
Total Revenues	$'000	1,285,940	1,315,785	1,358,069	1,360,463	1,409,888	1,406,561	1,442,359	1,516,373	1,554,282	1,593,139
Expenses:											
Variable:											
Fuel	$'000	840,048	860,663	889,482	884,407	927,725	920,739	948,205	1,000,182	1,025,187	1,050,816
Variable O&M	$'000	7,187	7,362	7,595	7,419	7,847	7,831	8,056	8,429	8,694	8,967
Nox	$'000	2,965	3,030	3,127	3,653	3,782	4,169	4,256	4,466	4,578	4,692
Total Variable	$'000	850,199	871,055	900,203	895,479	939,354	932,739	960,517	1,013,077	1,038,458	1,064,476
Energy Margin	$'000	435,741	444,729	457,866	464,984	470,535	473,822	481,842	503,296	515,824	528,664
Fixed Expenses:											
Fixed Transportation and Transmission	$'000	36,675	37,708	38,805	39,980	41,223	42,518	43,849	45,237	46,660	48,124
General Fixed O&M	$'000	53,161	54,658	56,249	57,952	59,753	61,631	63,560	65,571	67,633	69,757
Property Taxes	$'000	7,815	8,035	8,269	8,519	8,784	9,060	9,344	9,639	9,943	10,255
Extraordinary Expenses	$'000	-	-	-	-	-	-	-	-	-	-
Total Fixed Expenses	$'000	97,651	100,400	103,323	106,452	109,759	113,209	116,753	120,447	124,236	128,136
Total Expenses	$'000	947,851	971,456	1,003,526	1,001,931	1,049,113	1,045,948	1,077,270	1,133,525	1,162,694	1,192,611
EBITDA	$'000	338,090	344,329	354,543	358,533	360,775	360,613	365,089	382,848	391,588	400,528
Capital Expenditure											
LTSA Capital Expenditure	$'000	40,069	-	-	42,410	42,410	-	49,322	49,322	49,511	49,511
Other Capital Expenditure	$'000	18,939	1,506	1,550	17,668	3,957	17,189	5,859	1,806	23,235	1,922
Total Capital Expenditure	$'000	59,008	1,506	1,550	60,078	46,367	17,189	55,180	51,128	72,745	51,433
LC Fees	$'000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Cash Flow Available for Debt Service	$'000	276,082	339,823	349,993	295,455	311,408	340,424	306,908	328,720	315,843	346,096

(1) 2005 EBITDA includes approximately $29.4 million of non-recurring expenses.

Projections
(Consolidated Basis)

Consolidated	Units	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capacity	MW	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200	4,200
Production	GWh	18,224	18,224	18,224	18,224	18,224	18,224	18,224	18,224	18,224	18,224
Capacity Factor											
Total Revenues	$'000	1,632,968	1,673,792	1,715,637	1,758,528	1,802,491	1,847,553	1,893,742	1,941,086	1,989,613	2,039,353
Expenses:											
Variable:											
Fuel	$'000	1,077,087	1,104,014	1,131,614	1,159,904	1,188,902	1,218,625	1,249,090	1,280,317	1,312,325	1,345,134
Variable O&M	$'000	9,251	9,547	9,852	10,168	10,496	10,834	11,183	11,544	11,916	12,300
Nox	$'000	4,809	4,929	5,053	5,179	5,308	5,441	5,577	5,717	5,860	6,006
Total Variable	$'000	1,091,147	1,118,490	1,146,519	1,175,251	1,204,706	1,234,900	1,265,851	1,297,578	1,330,101	1,363,440
Energy Margin	$'000	541,821	555,302	569,118	583,276	597,785	612,653	627,891	643,507	659,512	675,913
Fixed Expenses:											
Fixed Transportation and Transmission	$'000	49,648	51,234	52,873	54,567	56,327	58,143	60,017	61,952	63,949	66,010
General Fixed O&M	$'000	71,965	74,264	76,640	79,095	81,646	84,278	86,995	89,800	92,695	95,683
Property Taxes	$'000	10,579	10,917	11,267	11,628	12,003	12,389	12,789	13,201	13,627	14,066
Extraordinary Expenses	$'000	-	-	-	-	-	-	-	-	-	-
Total Fixed Expenses	$'000	132,193	136,415	140,780	145,290	149,975	154,810	159,801	164,952	170,270	175,759
Total Expenses	$'000	1,223,340	1,254,905	1,287,299	1,320,541	1,354,682	1,389,710	1,425,652	1,462,531	1,500,371	1,539,199
EBITDA	$'000	409,628	418,887	428,338	437,987	447,809	457,843	468,090	478,555	489,241	500,154
Capital Expenditure											
LTSA Capital Expenditure	$'000	-	56,008	112,147	56,139	-	-	-	134,675	134,675	-
Other Capital Expenditure	$'000	1,983	3,974	32,256	2,179	2,249	2,322	2,397	7,136	56,322	2,636
Total Capital Expenditure	$'000	1,983	59,981	144,403	58,318	2,249	2,322	2,397	141,811	190,997	2,636
LC Fees	$'000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Cash Flow Available for Debt Service	$'000	404,645	355,906	280,935	376,669	442,560	452,521	462,694	333,744	295,245	494,518

(1) 2005 EBITDA includes approximately $29.4 million of non-recurring expenses.

Financial Projection
(UPP)

Union	Units	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Capacity	MW	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088
Production	GWh	2,895	3,501	3,824	4,859	5,782	6,604	7,441	7,836	8,184	8,382
Capacity Factor		15%	19%	20%	26%	31%	35%	40%	42%	44%	45%
Total Revenues	$'000	245,556	233,314	223,784	240,796	285,234	330,273	386,378	427,942	469,050	545,235
Expenses:											
Variable:											
Fuel	$'000	216,108	201,824	182,642	189,564	220,341	251,626	294,345	322,605	349,153	367,005
Variable O&M	$'000	434	535	596	773	940	1,099	1,272	1,374	1,471	1,547
Nox	$'000	-	-	-	-	-	815	939	1,011	1,082	1,136
Total Variable	$'000	216,542	202,359	183,238	190,338	221,281	253,541	296,556	324,990	351,706	369,688
Energy Margin	$'000	29,014	30,955	40,546	50,458	63,953	76,732	89,822	102,952	117,344	175,547
Fixed Expenses:											
Fixed Transportation and Transmission	$'000	4,730	4,819	4,916	5,018	5,127	5,250	5,389	5,528	5,668	5,819
General Fixed O&M	$'000	21,321	17,223	17,569	17,934	18,324	18,762	19,261	19,757	20,255	20,797
Property Taxes	$'000	312	318	324	331	338	346	355	364	374	384
Extraordinary Expenses	$'000	6,093	-	-	-	-	-	-	-	-	-
Total Fixed Expenses	$'000	32,455	22,360	22,809	23,282	23,789	24,358	25,005	25,650	26,296	27,000
Total Expenses	$'000	248,998	224,719	206,047	213,620	245,070	277,899	321,561	350,641	378,002	396,688
EBITDA (1)	$'000	(3,442)	8,595	17,737	27,176	40,164	52,374	64,817	77,301	91,048	148,546
Capital Expenditure											
LTSA Capital Expenditure	$'000	-	-	-	11,000	32,096	32,096	-	-	-	40,069
Other Capital Expenditure	$'000	592	603	615	628	1,825	657	2,527	692	709	2,071
Total Capital Expenditure	$'000	592	603	615	11,628	33,920	32,753	2,527	692	709	42,140
LC Fees	$'000	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Cash Flow Available for Debt Service	$'000	(5,084)	6,942	16,072	14,498	5,194	18,572	61,240	75,559	89,289	105,356

(1) 2005 EBITDA includes approximately $10.5 million of non-recurring expenses.

Financial Projection
(UPP)

Union	Units	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capacity	MW	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088
Production	GWh	8,442	8,379	8,468	8,047	7,793	7,144	6,964	7,097	7,097	7,097
Capacity Factor		45%	45%	45%	43%	41%	38%	37%	37%	37%	37%
Total Revenues	$'000	581,999	600,260	629,061	626,913	637,245	623,656	633,031	667,222	683,902	701,000
Expenses:											
Variable:											
Fuel	$'000	387,690	396,680	411,561	408,738	412,243	394,984	401,694	425,587	436,227	447,132
Variable O&M	$'000	1,601	1,634	1,700	1,664	1,662	1,571	1,580	1,661	1,713	1,767
Nox	$'000	1,544	1,577	1,636	1,910	1,913	2,044	2,061	2,170	2,224	2,280
Total Variable	$'000	390,836	399,892	414,896	412,312	415,817	398,599	405,335	429,418	440,164	451,179
Energy Margin	$'000	191,163	200,368	214,165	214,601	221,428	225,056	227,696	237,804	243,739	249,821
Fixed Expenses:											
Fixed Transportation and Transmission	$'000	5,982	6,150	6,329	6,521	6,723	6,935	7,152	7,378	7,610	7,849
General Fixed O&M	$'000	21,378	21,979	22,619	23,304	24,028	24,784	25,559	26,368	27,197	28,051
Property Taxes	$'000	394	405	417	430	443	457	472	486	502	517
Extraordinary Expenses	$'000	-	-	-	-	-	-	-	-	-	-
Total Fixed Expenses	$'000	27,754	28,535	29,366	30,255	31,195	32,175	33,183	34,233	35,309	36,418
Total Expenses	$'000	418,589	428,427	444,262	442,567	447,012	430,775	438,517	463,650	475,473	487,596
EBITDA (1)	$'000	163,409	171,833	184,799	184,346	190,233	192,881	194,513	203,572	208,430	213,404
Capital Expenditure											
LTSA Capital Expenditure	$'000	40,069	-	-	-	-	-	49,322	49,322	-	-
Other Capital Expenditure	$'000	16,167	770	792	816	3,152	16,359	2,545	923	952	982
Total Capital Expenditure	$'000	56,236	770	792	816	3,152	16,359	51,866	50,245	952	982
LC Fees	$'000	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Cash Flow Available for Debt Service	$'000	106,123	170,013	182,957	182,480	186,031	175,472	141,597	152,277	206,427	211,371

(1) 2005 EBITDA includes approximately $10.5 million of non-recurring expenses.

Financial Projection
(UPP)

Union	Units	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capacity	MW	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088	2,088
Production	GWh	7,097	7,097	7,097	7,097	7,097	7,097	7,097	7,097	7,097	7,097
Capacity Factor		37%	37%	37%	37%	37%	37%	37%	37%	37%	37%
Total Revenues	$'000	718,525	736,488	754,900	773,773	793,117	812,945	833,269	854,100	875,453	897,339
Expenses:											
Variable:											
Fuel	$'000	458,311	469,768	481,513	493,551	505,889	518,537	531,500	544,787	558,407	572,367
Variable O&M	$'000	1,822	1,881	1,941	2,003	2,068	2,134	2,203	2,274	2,347	2,423
Nox	$'000	2,337	2,395	2,455	2,516	2,579	2,644	2,710	2,778	2,847	2,918
Total Variable	$'000	462,470	474,044	485,909	498,070	510,536	523,315	536,413	549,839	563,602	577,709
Energy Margin	$'000	256,055	262,444	268,992	275,703	282,581	289,631	296,856	304,261	311,851	319,631
Fixed Expenses:											
Fixed Transportation and Transmission	$'000	8,098	8,356	8,623	8,900	9,187	9,483	9,789	10,104	10,430	10,766
General Fixed O&M	$'000	28,940	29,864	30,819	31,807	32,832	33,891	34,983	36,111	37,275	38,477
Property Taxes	$'000	534	551	569	587	606	625	645	666	688	710
Extraordinary Expenses	$'000	-	-	-	-	-	-	-	-	-	-
Total Fixed Expenses	$'000	37,571	38,771	40,011	41,293	42,625	43,999	45,417	46,882	48,393	49,953
Total Expenses	$'000	500,041	512,815	525,920	539,363	553,161	567,314	581,830	596,721	611,995	627,662
EBITDA (1)	$'000	218,484	223,673	228,980	234,410	239,956	245,632	251,438	257,380	263,459	269,678
Capital Expenditure											
LTSA Capital Expenditure	$'000	-	56,008	56,008	-	-	-	-	69,574	69,574	-
Other Capital Expenditure	$'000	1,013	2,974	26,271	1,114	1,150	1,187	1,225	3,596	1,305	1,347
Total Capital Expenditure	$'000	1,013	58,981	82,278	1,114	1,150	1,187	1,225	73,170	70,879	1,347
LC Fees	$'000	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050	1,050
Cash Flow Available for Debt Service	$'000	216,421	163,642	145,652	232,246	237,756	243,395	249,163	183,160	191,529	267,280

(1) 2005 EBITDA includes approximately $10.5 million of non-recurring expenses.

Financial Projections
(PGR)

Gila	Units	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Capacity	MW	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112
Production	GWh	3,727	4,820	4,413	6,422	7,417	9,407	10,490	10,555	11,630	10,338
Capacity Factor		20%	26%	23%	34%	39%	50%	56%	56%	62%	55%
Total Revenues	$'000	279,879	313,460	260,759	302,666	363,414	495,687	578,890	605,606	660,719	632,341
Expenses:											
Variable:											
Fuel	$'000	212,754	244,645	191,358	220,258	250,372	314,590	359,921	376,868	429,578	397,207
Variable O&M	$'000	1,454	1,915	1,789	2,657	3,136	4,072	4,661	4,811	5,435	4,960
Nox	$'000	-	-	-	-	-	956	1,092	1,124	1,267	1,162
Total Variable	$'000	214,208	246,560	193,147	222,915	253,507	319,618	365,674	382,803	436,280	403,330
Energy Margin	$'000	65,671	66,899	67,612	79,751	109,907	176,070	213,215	222,803	224,439	229,011
Fixed Expenses:											
Fixed Transportation and Transmission	$'000	24,271	24,728	25,225	25,749	26,309	26,938	27,654	28,367	29,082	29,860
General Fixed O&M	$'000	30,970	25,606	26,121	26,663	27,243	27,894	28,636	29,375	30,114	30,920
Property Taxes	$'000	2,957	4,876	5,949	7,191	8,384	8,701	8,224	7,820	7,480	7,219
Extraordinary Expenses	$'000	13,087	-	-	-	-	-	-	-	-	-
Total Fixed Expenses	$'000	71,285	55,211	57,296	59,602	61,936	63,534	64,514	65,562	66,676	68,000
Total Expenses	$'000	285,493	301,771	250,443	282,517	315,443	383,151	430,188	448,365	502,955	471,329
EBITDA(1)	$'000	(5,614)	11,688	10,316	20,149	47,971	112,536	148,701	157,241	157,764	161,011
Capital Expenditure											
LTSA Capital Expenditure	$'000	-	-	11,000	33,596	33,596	-	-	-	40,132	40,132
Other Capital Expenditure	$'000	566	577	588	1,758	2,376	628	645	662	16,594	696
Total Capital Expenditure	$'000	566	577	11,588	35,354	35,972	628	645	662	56,726	40,828
LC Fees	$'000	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950
Cash Flow Available for Debt Service	$'000	(8,130)	9,162	(3,222)	(17,155)	10,050	109,958	146,106	154,629	99,087	118,233

(1) 2005 EBITDA includes approximately $18.9 million of non-recurring expenses.

Financial Projections
(PGR)

Gila	Units	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Capacity	MW	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112
Production	GWh	11,324	11,296	11,296	10,704	11,158	10,948	10,982	11,127	11,127	11,127
Capacity Factor		60%	60%	60%	57%	59%	58%	58%	58%	58%	58%
Total Revenues	$'000	703,942	715,525	729,007	733,550	772,643	782,906	809,328	849,151	870,380	892,139
Expenses:											
Variable:											
Fuel	$'000	452,358	463,983	477,921	475,669	515,482	525,755	546,511	574,595	588,960	603,684
Variable O&M	$'000	5,585	5,728	5,895	5,755	6,186	6,260	6,476	6,769	6,982	7,201
Nox	$'000	1,421	1,453	1,491	1,743	1,869	2,125	2,196	2,296	2,353	2,412
Total Variable	$'000	459,364	471,164	485,307	483,167	523,536	534,140	555,182	583,660	598,295	613,297
Energy Margin	$'000	244,578	244,362	243,701	250,383	249,107	248,766	254,146	265,491	272,085	278,842
Fixed Expenses:											
Fixed Transportation and Transmission	$'000	30,694	31,558	32,476	33,460	34,499	35,584	36,698	37,859	39,049	40,275
General Fixed O&M	$'000	31,783	32,678	33,629	34,648	35,724	36,847	38,001	39,203	40,436	41,705
Property Taxes	$'000	7,421	7,630	7,852	8,089	8,341	8,603	8,872	9,153	9,441	9,737
Extraordinary Expenses	$'000	-	-	-	-	-	-	-	-	-	-
Total Fixed Expenses	$'000	69,898	71,865	73,957	76,197	78,564	81,034	83,571	86,215	88,926	91,718
Total Expenses	$'000	529,261	543,029	559,264	559,364	602,101	615,174	638,753	669,874	687,221	705,015
EBITDA(1)	$'000	174,680	172,496	169,743	174,186	170,542	167,732	170,575	179,277	183,159	187,125
Capital Expenditure											
LTSA Capital Expenditure	$'000	-	-	-	42,410	42,410	-	-	-	49,511	49,511
Other Capital Expenditure	$'000	2,772	736	758	16,851	805	830	3,314	883	22,282	939
Total Capital Expenditure	$'000	2,772	736	758	59,262	43,215	830	3,314	883	71,793	50,450
LC Fees	$'000	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950
Cash Flow Available for Debt Service	$'000	169,959	169,810	167,036	112,975	125,377	164,952	165,312	176,444	109,416	134,724

(1) 2005 EBITDA includes approximately $18.9 million of non-recurring expenses.

Financial Projections
(PGR)

Gila	Units	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Capacity	MW	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112	2,112
Production	GWh	11,127	11,127	11,127	11,127	11,127	11,127	11,127	11,127	11,127	11,127
Capacity Factor		58%	58%	58%	58%	58%	58%	58%	58%	58%	58%
Total Revenues	$'000	914,443	937,304	960,736	984,755	1,009,374	1,034,608	1,060,473	1,086,985	1,114,160	1,142,014
Expenses:											
Variable:											
Fuel	$'000	618,776	634,245	650,101	666,354	683,013	700,088	717,590	735,530	753,918	772,766
Variable O&M	$'000	7,429	7,666	7,911	8,165	8,428	8,700	8,980	9,270	9,569	9,877
Nox	$'000	2,472	2,534	2,598	2,663	2,729	2,797	2,867	2,939	3,012	3,088
Total Variable	$'000	628,677	644,446	660,610	677,181	694,170	711,585	729,438	747,739	766,500	785,731
Energy Margin	$'000	285,766	292,858	300,126	307,573	315,204	323,023	331,035	339,246	347,660	356,282
Fixed Expenses:											
Fixed Transportation and Transmission	$'000	41,551	42,878	44,250	45,667	47,140	48,660	50,228	51,848	53,519	55,244
General Fixed O&M	$'000	43,026	44,400	45,821	47,289	48,814	50,387	52,012	53,688	55,419	57,206
Property Taxes	$'000	10,046	10,366	10,698	11,041	11,397	11,764	12,144	12,535	12,939	13,356
Extraordinary Expenses	$'000	-	-	-	-	-	-	-	-	-	-
Total Fixed Expenses	$'000	94,622	97,644	100,768	103,996	107,350	110,811	114,384	118,071	121,877	125,806
Total Expenses	$'000	723,299	742,090	761,379	781,178	801,521	822,397	843,822	865,810	888,377	911,538
EBITDA(1)	$'000	191,143	195,214	199,358	203,577	207,853	212,211	216,652	221,175	225,783	230,476
Capital Expenditure											
LTSA Capital Expenditure	$'000	-	-	56,139	56,139	-	-	-	65,101	65,101	-
Other Capital Expenditure	$'000	969	1,000	5,985	1,065	1,100	1,135	1,172	3,540	55,016	1,289
Total Capital Expenditure	$'000	969	1,000	62,124	57,204	1,100	1,135	1,172	68,641	120,117	1,289
LC Fees	$'000	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950	1,950
Cash Flow Available for Debt Service	$'000	188,224	192,264	135,283	144,423	204,804	209,126	213,530	150,584	103,715	227,238

(1) 2005 EBITDA includes approximately $18.9 million of non-recurring expenses.