

**CONFIDENTIALITY AGREEMENT
PHILADELPHIA GAS WORKS POTENTIAL SALE**

August 3, 2013

Ladies and Gentlemen:

In connection with your consideration of a possible acquisition of all or substantially all of the assets (the "Transaction") primarily used in the operation of Philadelphia Gas Works ("PGW") by The City of Philadelphia (the "Seller"), you have requested access to information concerning the Seller. J.P. Morgan Securities LLC ("JPM") and Loop Capital Markets LLC ("Loop") are acting as brokers to the Seller.

1. As a condition to you being furnished with such information, including the Confidential Information Memorandum prepared by the Seller, you agree to treat all information, data, documents, agreements, files and other materials, whether disclosed orally or disclosed or stored in written, electronic or other form or media, concerning the Transaction, the Seller, PGW, and PGW's current operator, Philadelphia Facilities Management Corporation ("PFMC"), that is furnished to you by or on behalf of the Seller, PGW, or PFMC, whether furnished before or after the date of this letter, including, without limitation, all analyses, compilations, reports, forecasts, studies and other documents prepared by you, your affiliates and your and their directors, officers, employees, agents and advisers (including, without limitation, attorneys, accountants, consultants, potential financing sources, financial advisers and any representatives of your advisers) (collectively, "Representatives") that contain or otherwise reflect or are generated from such information, data, documents, agreements, files and other materials (collectively referred to as the "Evaluation Material"), in accordance with the provisions of this confidentiality agreement (this "Agreement"). The term "Evaluation Material" does not include information that (a) was or becomes generally available to and known by the public other than as a result of a disclosure directly or indirectly in violation of this Agreement or (b) was or becomes available to you on a non-confidential basis from a source other than the Seller, PGW, PFMC, or any of their advisers, provided that such source was not known by you to be bound by any agreement with the Seller to keep such information confidential, or otherwise prohibited from transmitting the information to you by a contractual, legal or fiduciary obligation.

2. You hereby agree that the Evaluation Material will be used solely for the purpose of evaluating a possible Transaction between the Seller and you, and that such information will be kept strictly confidential by you and your Representatives, except to the extent that disclosure of such information (a) is required by law, regulation, regulatory authority or other applicable judicial or governmental order, but only in accordance with Paragraph 4, (b) is made to your Representatives who need to know such information for the purpose of evaluating any such possible Transaction or (c) as permitted by Paragraph 5(c); provided, that you shall require all your Representatives to be bound by the terms of this Agreement to the same extent as if they were parties hereto and you shall be responsible for any breach of this Agreement by any of your Representatives.

3. Without the prior written consent of the Seller, you shall not, and shall direct your Representatives not to, disclose to any person (a) that the Evaluation Material has been made available to you or your Representatives, (b) that discussions or negotiations are taking place concerning a possible Transaction between the Seller and you or (c) any terms, conditions or other facts with respect to any such possible Transaction, including the status thereof.

4. In the event that you are required by law, interrogatory, subpoena, civil investigative demand or similar process, regulation, regulatory authority or other applicable judicial or governmental order to disclose any Evaluation Material, you shall (a) take all reasonable steps to preserve the privileged nature and confidentiality of the Evaluation Material, including requesting that the Evaluation Material not be disclosed to non-parties or the public, (b) provide the Seller with immediate written notice of such request or requirement so that the Seller may seek an appropriate protective order or other remedy and (c) cooperate with the Seller, at the Seller's sole cost and expense, to obtain such protective order or remedy. If, failing the entry of a protective order or written consent of the Seller, you are, in the opinion of your legal counsel, compelled to disclose Evaluation Material, you may disclose only that portion of the Evaluation Material that, on advice of your counsel, you are legally compelled to disclose and will exercise your best efforts to obtain assurance that confidential treatment will be accorded to that portion of the Evaluation Material that is being disclosed.

5. (a) You hereby represent and warrant that you are not acting as a broker for or representative of any other person in connection with the Transaction, and are considering the Transaction only for your own account. Except with the prior written consent of the Seller, you agree that (i) you will not act as a joint bidder or co-bidder with any other person with respect to the Transaction and (ii) neither you nor any of your Representatives (acting on behalf of you or your affiliates) will enter into any discussions, negotiations, agreements, arrangements or understandings (whether written or oral) with any other person regarding the Transaction, other than the Seller and its representatives.

(b) You hereby represent and warrant that neither you nor any of your Representatives is party to any agreement, arrangement or understanding (whether written or oral) that would restrict the ability of any other person to provide financing (debt, equity or otherwise) to any other person for the Transaction or any similar transaction, and you hereby agree that neither you nor any of your Representatives will directly or indirectly restrict the ability of any other person to provide any such financing.

(c) Notwithstanding anything to the contrary contained herein, without the prior written consent of the Seller, you agree that neither you nor any of your Representatives will disclose any Evaluation Material to any actual or potential sources of financing (debt, equity or otherwise), other than *bona fide* third party institutional lenders who are or may be engaged to provide debt financing to you or your affiliates and are disclosed on Exhibit A hereto.

6. Until five years from the date of this Agreement, neither you nor any of your Representatives shall not directly or indirectly solicit or hire any officer, director or

employee of PGW, PFMC or, as to anyone connected with PGW, the Seller, except with the express permission of the Seller. It is understood that JPM and Loop will arrange for appropriate contacts for due diligence purposes. All (i) communications regarding this Transaction, (ii) requests for additional information, (iii) requests for facility tours or management meetings, and (iv) discussions or questions regarding procedures, shall be submitted or directed to JPM.

7. All Evaluation Material disclosed by the Seller shall be and shall remain the property of the Seller. Within five days after being so requested by the Seller, you shall return or destroy all Evaluation Material. Any destruction of materials shall be confirmed by you in writing. All Evaluation Material, whether or not returned or destroyed, including, without limitation, any oral Evaluation Material, shall remain subject to the confidentiality obligations set forth in this Agreement.

8. You understand and acknowledge that any and all information contained in the Evaluation Material is being provided without any representation or warranty, express or implied, as to the accuracy or completeness of the Evaluation Material, on the part of the Seller, JPM or Loop. You agree that none of the Seller, JPM, Loop, PGW, PFMC, or any of their respective advisers or representatives shall have any liability to you or any of your Representatives relating to or resulting from the use of the Evaluation Material or any errors therein or omissions therefrom. It is understood that the scope of any representations and warranties to be given by the Seller will be negotiated along with other terms and conditions in arriving at a mutually acceptable form of definitive agreement should discussions between you and the Seller progress to such a point.

9. You agree that unless and until a definitive agreement regarding a Transaction between the Seller and you has been executed, neither the Seller nor you will be under any legal obligation of any kind whatsoever with respect to such a Transaction by virtue of this Agreement except for the matters specifically agreed to herein. You further acknowledge and agree that the Seller reserves the right, in its sole and absolute discretion, to reject any and all bids or offers made by you or any of your Representatives as part of your proposal with regard to a Transaction between the Seller and you, to terminate discussions and negotiations with you at any time and to enter into any agreement with any other person without notice to you or any of your Representatives at any time and for any reason or no reason. You also acknowledge and agree that the Seller cannot and will be under no obligation to proceed with a Transaction without authorization by ordinance of the Council of the City of Philadelphia or without the approval of appropriate regulatory authorities.

10. You understand that the Seller may conduct the bid process in connection with the Transaction in any manner it determines, in its sole and absolute discretion, to be appropriate, provided such process is in accordance with applicable laws, rules and regulations. The procedures relating to such Transaction may be changed at any time without notice to you or any other person and you shall not have any claim whatsoever against the Seller, PGW, PFMC, JPM or Loop or any of their respective directors, officers, stockholders, owners, affiliates, agents or representatives, arising out of or relating to any possible or actual Transaction.

11. You shall indemnify, defend and hold the City, PGW, PFMC and each of their respective affiliates, principals, officers, directors, brokers, advisors, agents, employees and controlling persons (together, the "Covered Persons") harmless against any and all losses, claims, damages or liabilities in connection with or as a result of any breach by you or your Representatives of any of the obligations of you or your Representatives under this Agreement. You agree that neither the City nor PGW nor PFMC nor any other Covered Person shall have any liability to you or your Representatives or any of their respective securityholders or creditors or other persons asserting claims on behalf of or in right of you or your Representatives as a result of any matter in connection with, related to or associated with the Transaction. PGW, PFMC and the other Covered Persons shall be intended third-party beneficiaries of the provisions of this Paragraph 11 and shall each be entitled to enforce it directly against you to the same extent as if they were parties hereto. Any person entitled to rights under this Paragraph 11 shall be entitled to equitable relief and to reimbursement of reasonable attorney fees and other expenses in enforcing this Paragraph 11, this Agreement (to the extent such person has rights hereunder), or both against you and anyone claiming through or responsible for you or your Representatives.

12. It is understood and agreed that money damages may not be a sufficient remedy for any breach of this Agreement by you or your Representatives and that the Seller shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach and you further agree to waive any requirement for the security or posting of any bond in connection with such remedy. Such remedy shall not be deemed to be the exclusive remedy for breach of this Agreement but shall be in addition to all other remedies available at law or equity to the Seller.

13. To the extent that any Evaluation Material includes materials subject to the attorney-client privilege, attorney work-product privilege or other privilege, none of PGW, PFMC or the Seller is waiving, and shall not be deemed to have waived or diminished, its attorney work-product protections, attorney-client privileges or similar protections and privileges as a result of disclosing any Evaluation Material (including Evaluation Material related to pending or threatened litigation) to you or any of your Representatives.

14. This Agreement is for the benefit of the Seller, JPM and Loop and is governed by the laws of the Commonwealth of Pennsylvania without regard to conflict of laws principles. Any action brought in connection with this Agreement shall be brought in the federal or state courts located in Philadelphia, Pennsylvania, and the parties hereto hereby irrevocably consent to the jurisdiction of such courts. Your obligations under this Agreement shall terminate three (3) years after the date hereof, except as otherwise explicitly stated above.

15. This Agreement may not be amended except in writing signed by all parties hereto. No failure or delay by the Seller in exercising any right hereunder or any partial exercise thereof shall operate as a waiver thereof or preclude any other or further exercise of any right hereunder. The invalidity or unenforceability of any provision of this Agreement shall not

affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by any party without the prior written consent of the non-assigning party. Any purported assignment without such consent shall be void and unenforceable.

16. This Agreement may be executed in counterparts. Please confirm that the foregoing is in accordance with your understanding of our agreement by signing and returning to us a copy of this letter.

[Remainder of Page Left Intentionally Blank;
Signatures on the Following Page]

Very truly yours,

THE CITY OF PHILADELPHIA

By: _____

Accepted and agreed to as of the date set forth above:

Signature: _____

Name: _____

Title: _____

Company: _____

Address: _____

City, State, Zip: _____

Phone: _____

E-mail: _____