COMPANY DISCLOSURE LETTER

July 8, 2006

WPS Resources Corporation
700 North Adams Street
Green Bay, Wisconsin 54307

Ladies and Gentlemen:

This Disclosure Schedule is delivered by Peoples Energy Corporation (the "Company") to WPS Resources Corporation ("Parent"), pursuant to the Agreement and Plan of Merger (the "Agreement"), dated as of July 8, 2006 by and among the Company, an Illinois corporation, Wedge Acquisition Corp., an Illinois corporation, and Parent, a Wisconsin corporation. Unless the context otherwise requires, terms used in this Disclosure Schedule have the meanings given to the same terms in the Agreement.

Disclosure of an item on one section of this Company Disclosure Letter shall be deemed to be disclosure of that item on all relevant sections of this Company Disclosure Letter to the extent reasonably apparent that such matter is relevant to another section of this Company Disclosure Letter.

The inclusion of any matter in this Company Disclosure Letter shall not be deemed to be an admission by the Company as to the materiality of any matter disclosed in this Company Disclosure Letter.

This Company Disclosure Letter confirms the disclosure by the Company of information as follows:

SECTION 3.01
Organization, Standing and Power

The following subsidiaries are considered public utilities under the Federal Power Act:

- Elwood Energy, LLC
- Peoples Energy Services Corporation

Peoples Energy Services Corporation is licensed to provide competitive retail services in multiple states.

SECTION 3.02
Company Subsidiaries; Equity Interests

Section 3.02(a)

Subsidiaries	Jurisdiction of Organization
Peoples Energy Corporation	Illinois
The Peoples Gas Light and Coke Company	Illinois
Peoples Gas Light Exploration Company	Illinois
Peoples Gas Neighborhood Development Corporation	Illinois
North Shore Gas Company	Illinois
North Shore Exploration Company	Illinois
Peoples District Energy Corporation	Illinois
Peoples NGV Corp.	Illinois
Peoples Energy Production Company	Delaware
PEP Holding, LLC	Delaware
Peoples Energy Canadian Holdings, Inc.	Delaware
Peoples Energy Production Company of Canada	Nova Scotia
Peoples Energy Production Operating Company	Delaware
Peoples Energy Production Partners, L.P.	Delaware
Peoples Energy Production – Texas, L.P.	Delaware
Sierra 1996-I Limited Partnership (99%)	Texas
EnerVest Energy, L.P. (30%)	Delaware
Peoples Energy Resources Company, LLC	Delaware
Peoples Energy Wholesale Marketing, LLC	Delaware
PERC Canada, Inc.	Delaware
Peoples Natural Gas Liquids, LLC	Delaware
PERC Holdings, LLC	Delaware
PV Midstream Ventures, LLC (50%)	Delaware
PERC Power, LLC	Delaware
COB I, Inc.	Delaware
COB Energy Facility, LLC (50%)	Delaware
COB Holdings I, LLC (50%)	Delaware

COB Energy Facility, LLC (50%)	Delaware
COB II, Inc.	Delaware
COB Holdings I, LLC (50%)	Delaware
Peoples Calumet, LLC	Delaware
Calumet Power, LLC	Delaware
Peoples Elwood, LLC	Delaware
Elwood Energy, LLC (50%)	Delaware
Peoples Elwood Expansion, LLC	Delaware
Valencia Energy, LLC	Delaware
Peoples MW, LLC	Delaware
Peoples Energy Services Corporation	Illinois
Peoples Energy Ventures, LLC	Delaware
Peoples Energy Business Services, LLC	Delaware
Peoples Energy Home Services, LLC	Delaware
Peoples Energy Neighborhood Development, LLC	Delaware
Peoples Technology, LLC	Delaware

Section 3.02(b)

Joint Venture	Project Name	Line of Business
Elwood Energy LLC	Elwood Energy	Gas fired electric peaking plant

Section 3.02(c)

None

SECTION 3.03
Capital Structure

None

SECTION 3.04
Authority; Execution and Delivery; Enforceability

None

SECTION 3.05
No Conflicts; Consents

Section 3.05(a)

Indenture dated January 18, 2001 by Peoples Energy Corporation to Bank One Trust Company National Association, as Trustee (requires supplemental indenture and officer certificate).

SECTION 3.06
SEC Documents; Undisclosed Liabilities

None

SECTION 3.08
Absence of Certain Changes or Events

[CONFIDENTIAL INFO REDACTED]

Section 3.08(iv)

1. In connection with the Settlement Agreement and associated capital contribution to The Peoples Gas Light and Coke Company ("PGL"), PGL issued shares of Common Stock to PEC.

2. In connection with a capital contribution to Peoples Energy Production Company ("PEPCO"), the Company purchased shares of PEPCO Common Stock. In turn, PEPCO made capital contributions to certain of its subsidiaries in return for such subsidiaries' common stock.

[CONFIDENTIAL INFO REDACTED]

Section 3.08(vi)

1. Change in segment reporting structure presentation.

2. Discontinued operations presentation of power generation business.

3. Accounting for Hub revenue in connection with the gas charge settlement.

4. Change from cash flow hedge accounting to mark-to-market accounting of certain transactions at the Energy Marketing segment.

SECTION 3.09
Taxes

[CONFIDENTIAL INFO REDACTED]

Section 3.09(b)

The Harrison County, TX Appraisal District issued Notices of Appraised Value in 2003 and 2004 to PGL concerning personal property taxes on natural gas stored in an underground storage field owned by Natural Gas Pipeline Company of America. The Company has paid part of the liability but filed administrative protests for each year. Following an adverse decision by the Appraisal Review Board the company filed suit in state district court and intends to vigorously defend its position. **[CONFIDENTIAL INFO REDACTED]**

SECTION 3.10
Absence of Changes in Benefit Plans

[CONFIDENTIAL INFO REDACTED]

[CONFIDENTIAL INFO REDACTED]

[CONFIDENTIAL INFO REDACTED]

42. In addition, the Company has entered into change in control severance agreements with the following executives:

[CONFIDENTIAL INFO REDACTED]

- Severance Agreement dated June 2, 2004 between Peoples Energy Corporation and William E. Morrow
- Severance Agreement dated June 2, 2004 between Peoples Energy Corporation and Steven W. Nance
- Severance Agreement dated June 2, 2004 between Peoples Energy Corporation and Thomas A. Nardi
- Severance Agreement dated June 2, 2004 between Peoples Energy Corporation and Thomas M. Patrick
- Severance Agreement dated April 22, 2005 between Peoples Energy Corporation and Desiree G. Rogers

[CONFIDENTIAL INFO REDACTED]

[CONFIDENTIAL INFO REDACTED]

44. In addition, the Company is a party to a number of additional employment agreements, which were principally entered into to protect Company confidential information, but none will have, individually or in the aggregate, any material ongoing cost to the Company or its successor.

SECTION 3.11

ERISA Compliance; Excess Parachute Payments

Section 3.11(a)

The following are the Company Pension Plans, "employee welfare benefit plans" and all other Parent Benefit Plans (see Section 3.10 of this Letter for the Company Benefit Agreements):

- Comprehensive Group Insurance Plan (effective January 1, 2005)
- Educational Assistance Program (effective March 1, 2003)
- Employee Capital Accumulation Plan (effective January 1, 2002), as amended by the First Amendment and the Second Amendment
- Employee Stock Ownership Plan and Trust (effective January 1, 2005)
- Employee Stock Purchase Plan (effective July 1, 2001)
- Employee Thrift Plan (effective January 1, 2002), as amended by the First Amendment and the Second Amendment
- Group Travel Accident Plan (effective July 1, 2001)
- Long Term Disability Benefit Plan (effective May 1, 2001)
- Paid Time Off (PTO) Bank Plan for Non-Union Employees (effective January 1, 2002)
- Paid Time Off (PTO) Bank Plan for Union Employees (effective January 1, 2002)
- Pre-Tax Contribution Program (effective October 1, 2001)
- Regulations for Determining Service (effective May 1, 1996)
- Retirement Plan (effective January 1, 2003)
- Retirement Plan Restatement, as currently in process
- Service Annuity System (effective January 1, 2003)
- Sickness Benefit Plan (for union employees) (effective May 1, 2001)
- Sickness Benefit Plan (for non-union employees) (effective May 1, 2001)
- Supplemental Retirement Benefit Plan (effective January 1, 2003)
- Supplemental Service Annuity Plan (effective October 1, 1996)
- Termination Allowance Plan (effective January 1, 2002)
- Collective Bargaining Agreements of the Company and Company Subsidiaries
    - Agreement dated April 28, 2005 by and between The Peoples Gas Light and Coke Company and Gas Workers Union, Local 18007 Utility Workers Union of America, AFL-CIO
    - Agreement dated June 30, 2005 Between North Shore Gas Company and Local Union No. 2285 International Brotherhood of Electrical Workers, AFL-CIO

[CONFIDENTIAL INFO REDACTED]

Section 3.11(e)(i)

- Comprehensive Group Insurance Plan (certain benefits within this plan are insured)
- Educational Assistance Program
- Long Term Disability Benefit Plan
- Paid Time Off (PTO) Bank Plan for Non-Union Employees
- Paid Time Off (PTO) Bank Plan for Union Employees
- Pre-Tax Contribution Program
- Sickness Benefit Plan (for union employees)
- Sickness Benefit Plan (for non-union employees)
- Termination Allowance Plan
- Under the Severance Agreements (see Section 3.10 of this Letter), the Company will provide Officers with medical benefits after termination of employment.

[CONFIDENTIAL INFO REDACTED]

Section 3.11(h)

A portion of Mr. Patrick's compensation, in the amount of $90,178, was not deductible by the Company in fiscal year 2005.

SECTION 3.12
Litigation

1. Class action lawsuit filed against Peoples Energy Corp. (Birchwood Builders LLC, et al. v. Peoples Energy Corporation, et al., Case No. 05 CH 09910, Circuit Court of Cook County, Chancery Division). **[CONFIDENTIAL INFO REDACTED]**

2. Class action lawsuit filed against Peoples Energy Corp. (Alport, et al v. Peoples Energy Corp.,Case No. 04 CH 1931, Circuit Court of Cook County, Chancery Division). Peoples' motions to dismiss are fully briefed and scheduled to be argued on September 14, 2006.

3. See Compliance with Applicable Laws, Section 3.13 of this Letter, for additional Regulatory Litigation.

SECTION 3.13
Compliance with Applicable Laws

1. There has been miscellaneous correspondence regarding the Settlement Agreement (see Section 3.22 of this Letter).

2. On April 19, 2006, the ICC issued a citation order initiating a proceeding (Illinois Commerce Commission v. The Peoples Gas Light and Coke Company, Case No. 06-0311, Illinois Commerce Commission) to determine whether Peoples Gas failed to comply with the requirements of 49 CFR § 192.465(a) and (d) to test its pipelines which are under cathodic protection to ensure they are being properly protected against corrosion and whether Peoples Gas failed to take corrective action in a timely fashion for certain pipelines where surveys showed readings that were not within the prescribed limits. Settlement discussions are underway; the Company made an initial offer and on June 29, 2006, PGL was presented with a counter-proposal of settlement terms **[CONFIDENTIAL INFO REDACTED]** At this time, the Company cannot predict the outcome. There has been additional miscellaneous correspondence with the ICC regarding the corrosion case.

[CONFIDENTIAL INFO REDACTED]

[CONFIDENTIAL INFO REDACTED]

[CONFIDENTIAL INFO REDACTED]

SECTION 3.16

Environmental Matters

Section 3.16(a)(1)

[CONFIDENTIAL INFO REDACTED]

2. Gray v. Asco USA, L.L.C., et al., Case No. 84251 (15th Judicial District Court for the Parish of Acadia, State of Louisiana). Plaintiffs have sued Peoples Energy Production – Texas L.P. and fifteen other defendants for alleged damage to their property caused by (a) seepage of oil waste stored in unlined earthen pits and (b) leaks, spills and other discharges from wells, pipelines, tank batteries, gas plants and other equipment.

Section 3.16(a)(iv)

Peoples Energy Resources Company has begun performing environmental testing and analysis to assess any environmental clean-up necessary at the former McDowell Energy Center. **[CONFIDENTIAL INFO REDACTED]** It has yet to determine what if any remedial work would be necessary in the former process area.

[CONFIDENTIAL INFO REDACTED]

[CONFIDENTIAL INFO REDACTED]

SECTION 3.17
Labor Matters

Section 3.17(ii)

Three unfair labor practice issues are pending before the NLRB:

1. Unfair Labor Charge – PTO Policy (Case No. 13-CA-43181) (Matter deferred to grievance process)
2. Operations Apprentice – Start times (Case No. 13-CA-43329) (Requested deferral to grievance process on May 2, 2006)
3. **[CONFIDENTIAL INFO REDACTED]** (Case No. 13-CA-43328) (Requested deferral to grievance process on May 2, 2006)

One matter filed by a former employee is pending before the NLRB:

4. **[CONFIDENTIAL INFO REDACTED]** (Case No. 13-CA-43310) (Deferred to the grievance process April 25, 2006)

Section 3.17

1. On April 12, 2005, the PGL Gas Workers Union notified the Company via letter that it intended to circulate cards in an effort to organize membership from the call center. However, the Union never circulated the cards.

2. The Agreement dated April 28, 2005 by and between The Peoples Gas Light and Coke Company and Gas Workers Union, Local 18007 Utility Workers Union of America, AFL-CIO expires April 30, 2008.

3. The Agreement dated June 30, 2005 Between North Shore Gas Company and Local Union No. 2285 International Brotherhood of Electrical Workers, AFL-CIO expires June 30, 2008.

SECTION 3.18
Contracts

1. Mr. Patrick is a Board Member of Aegis; the Company has insurance with AEGIS.

2. Desiree Rogers is a Board Member of Blue Cross/Blue Shield, with which the Company has business dealings.

SECTION 3.19
Title to Property

Section 3.19(a)

1. Substantially all of the physical properties now owned or hereafter acquired by Peoples Gas or North Shore Gas are subject to the first-mortgage lien of each utility's respective mortgage indenture to U.S. Bank National Association, as Trustee, to secure each utility's respective outstanding mortgage bonds.

2. People Elwood LLC's 50% membership interest in Elwood Energy LLC is encumbered by the lien of the Elwood Energy Indenture.

SECTION 3.20
Intellectual Property

[CONFIDENTIAL INFO REDACTED]

SECTION 3.21
Trading

None

SECTION 3.22
Regulatory Proceedings

Section 3.22(a)

1. Citation for alleged violation of ICC rules regarding corrosion control. See Section 3.13 of this Letter.

2. Cases (dockets 05-0237, 06-0202, 06-0379) regarding the rules on utility credit and collection practices. These involve all utilities in Illinois. The Company cannot currently predict the outcome.

3. While the Settlement Agreement is non-appealable, the ICC retains the ability to amend or modify the Settlement Agreement as it deems appropriate. **[CONFIDENTIAL INFO REDACTED]**

4. Subject to the Company's compliance with Section 5.01(a)(x) of the Agreement, the Company may file rate cases (for the avoidance of doubt, this in no way will qualify or modify the Company's obligations and the restrictions applicable to the Company pursuant to Section 5.01(a)(x) of the Agreement).

SECTION 3.23
Ownership of Parent Common Stock

Company pension plans, which are managed externally, may own shares of Parent Common Stock.

SECTION 5.01(a)
Conduct of Business by the Company

Section 5.01(a)(i)(C)

Consistent with past practice, the Company may, from time to time, make capital contributions to a Company Subsidiary, and as consideration for such capital contribution, the Company may acquire capital stock of such Company Subsidiary, as deemed appropriate by the Company to manage the capital structure and balance sheet of any Company Subsidiary.

[CONFIDENTIAL INFO REDACTED]

[CONFIDENTIAL INFO REDACTED]

Section 5.01(a)(v)(B)

The Company may grant in the ordinary course of business consistent with past practice additional termination compensation on a case-by-case basis. Any such grant would be to a limited number of employees and not be material.

Section 5.01(a)(v)(C)

4. The Company or any Company Subsidiary may hire employees to fill vacant positions or positions that may become vacant and may enter into employment agreements in the ordinary course of business consistent with prior practice.

[CONFIDENTIAL INFO REDACTED]

[CONFIDENTIAL INFO REDACTED]

Section 5.01(a)(viii)

1. The Company expects to sell its remaining power generation assets, a 50% interest in Elwood Energy and a development site in Oregon. **[CONFIDENTIAL INFO REDACTED]**

2. PERC has been discussing the potential sale of its RFG pipelines.**[CONFIDENTIAL INFO REDACTED]**

3. Substantially all of the physical properties now owned or hereafter acquired by Peoples Gas or North Shore Gas are subject to (a) the first-mortgage lien of each utility's respective mortgage indenture to U.S. Bank National Association, as Trustee, to secure each utility's respective outstanding first mortgage bonds and (b) in certain cases, other exceptions and defects that do not interfere with the use of the property.

Section 5.01(a)(xi)

The Company estimates its non-acquisition capital expenditures through December 31, 2007 to be:

Non-Acquisition Capital Expenditures	**July 1, 2006 to September 30, 2006 (in thousands)**	**October 1, 2006 to September 30, 2007 (in thousands)**	**October 1, 2007 to December 31, 2007 (in thousands)**
Gas Distribution	$42,156	$120,723	$22,000
Oil and Gas Production			
Energy Marketing			
Energy Assets			
Corporate & Other			
Total			

[CONFIDENTIAL INFO REDACTED FROM ALL CELLS OTHER THAN "GAS DISTRIBUTION"]

Section 5.01(a)(xii)

An action styled *Coates Energy Trust and Coates Energy Interests Ltd. v. Peoples Energy Production Texas, L.P.* was filed on December 30, 2004, as Cause No. DC-04-441 in the 381st Judicial District Court of Starr County, Texas. Plaintiffs seek a declaratory judgment that they are entitled to keep approximately $2.35 million of additional royalty payments that Peoples Energy Production ("PEP") paid to Plaintiffs under protest following an audit by Plaintiffs of PEP's royalty payment records. PEP is seeking a return of the additional royalty payments. **[CONFIDENTIAL INFO REDACTED]**

July 8, 2006

Peoples Energy Corporation
130 East Randolph Drive, 24th Floor
Chicago, Illinois 60601-6207

PARENT DISCLOSURE LETTER

Ladies and Gentlemen:

Reference is made to the Agreement and Plan of Merger (the "Agreement"), dated as of July 8, 2006, by and among WPS RESOURCES CORPORATION, a Wisconsin corporation ("Parent"), WEDGE ACQUISITION CORP., an Illinois corporation, and PEOPLES ENERGY CORPORATION, an Illinois corporation. Terms used and not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

This Disclosure Letter of Parent, including the attachments hereto (the "Parent Disclosure Letter") relates to certain matters concerning the business and operations of Parent and the Parent Subsidiaries. The Parent Disclosure Letter is qualified in its entirety by reference to specific provisions of the Agreement, and is not intended to constitute, and shall not be construed as constituting, any representations or warranties of Parent except as and to the extent provided in the Agreement, subject to the limitations therein. The Parent Disclosure Letter may include items or information which Parent is not required to disclose under the Agreement; disclosure of such items or information shall not affect (directly or indirectly) the interpretation of the Agreement or the scope of the disclosure obligation under the Agreement. Inclusion of information herein shall not be construed as an admission that such information is material to the business, assets, liabilities, financial condition or operations of Parent or the Parent Subsidiaries. Any matter disclosed in any particular section of the Parent Disclosure Letter shall be deemed to have been disclosed for all purposes and all sections of the Parent Disclosure Letter to the extent that it is reasonably apparent that such matter is relevant to another section of the Parent Disclosure Letter.

Headings have been inserted on the sections of the Parent Disclosure Letter for convenience of reference only and shall to no extent have the effect of amending or changing the express description of any sections set forth in the Agreement.

Very truly yours,

WPS RESOURCES CORPORATION

By: _____
Name:
Title:

PUBLIC

Section 4.01 Organization, Standing and Power

The following entities are considered public utilities under the Federal Power Act:

Wisconsin Valley Improvement Company (non-generating, licensee under Subchapter 1 only)
Wisconsin River Power Company
American Transmission Company LLC
ATC Management Inc.
Wisconsin Public Service Corporation
WPS Energy Services, Inc.
Quest Energy, LLC
Advantage Energy, Inc.
WPS Power Development, LLC
PDI Stoneman, Inc.
Mid-American Power, LLC
WPS Canada Generation, Inc.
WPS New England Generation, Inc.
Sunbury Generation, LLC
WPS Westwood Generation, LLC
WPS Empire State, Inc.
WPS Beaver Falls Generation, LLC
WPS Niagara Generation, LLC
WPS Syracuse Generation, LLC
Combined Locks Energy Center, LLC
Upper Peninsula Power Company

The following entities are considered electric corporations under New York law and have received orders subjecting them to lightened regulation:

WPS Empire State, Inc.
WPS Beaver Falls Generation, LLC (also provides retail steam service subject to lightened regulation)
WPS Niagara Generation, LLC
WPS Syracuse Generation, LLC

The following entity is considered an "alternative telecommunications provider – other" under Wisconsin law:

Brown County C-LEC, LLC

The following entities are licensed to provide competitive retail services in one or more states or provinces:

WPS Energy Services, Inc.
Advantage Energy, Inc.
Quest Energy, LLC
WPS Energy Services of Canada Corp.

Section 4.02 Parent Subsidiaries, Equity Interests

Section 4.02(a)

WPS RESOURCES CORPORATION + *

- Wisconsin Public Service Corporation +
  - WPS Leasing, Inc. +
  - Wisconsin Valley Improvement Company (27.1% ownership) +
  - Wisconsin River Power Company (50% ownership) +
  - WPS Investments, LLC (approximately 21% ownership) +
    - American Transmission Company LLC (approximately 32.8% ownership) +
  - ATC Management Inc. (30.4% ownership) +

- WPS Investments, LLC (approximately 74.4% ownership) +
  - American Transmission Company LLC (approximately 32.8% ownership) +

- WPS Nuclear Corporation +

- Michigan Gas Utilities Corporation ++

- Minnesota Energy Resources Corporation ++

- WPS Visions, Inc. +

- Badger Energy Services, LLC (12.50% ownership) +

- WPS Resources Capital Corporation +
  - WPS Energy Services, Inc. +
    - Quest Energy, LLC +++
    - WPS Energy Services of Canada Corp. (formed under Canadian law)
    - Advantage Energy, Inc. (formed under New York law)
    - 3096210 Nova Scotia Company (formed under Canadian law)
      - Boralex WPS Power Limited Partnership (49.9% ownership) (formed under Canadian law)
    - WPS Power Development, LLC+
      - PDI Stoneman, Inc. +
        - Mid-American Power, LLC +
      - WPS Canada Generation, Inc. +
        - Boralex WPS Energy, Inc. (50% ownership) (formed under Canadian law)
          - Boralex WPS Power Limited Partnership (0.2% ownership) (formed under Canadian law)
      - WPS New England Generation, Inc. +
      - Wisconsin Woodgas LLC +
      - Wisconsin Energy Operations LLC (49% ownership) +
      - ECO Coal Pelletization #12 LLC (70% ownership) ++
        - Synfuel Solutions, LLC (33.33% ownership) ++
          - Synfuel Solutions Operating, LLC ++
      - Sunbury Holdings, LLC ++
        - Sunbury Generation, LLC ++
        - WPS Westwood Generation, LLC ++
      - WPS Empire State, Inc. (formed under New York law)
        - WPS Beaver Falls Generation, LLC ++
        - WPS Niagara Generation, LLC ++
        - WPS Syracuse Generation, LLC ++
      - Combined Locks Energy Center, LLC**

Upper Peninsula Power Company +++
WPS Investments, LLC (approximately 4.6% ownership) +
American Transmission Company LLC (approximately 32.8% ownership) +
ATC Management Inc. (2.4% ownership) +

Upper Peninsula Building Development Company +++

Penvest, Inc. +++
Superior Technologies, Inc. (33.33% ownership) +++
Super Com Limited Partnership of Northern Michigan (22.5% ownership) +++

Brown County C-LEC, LLC (40% ownership) +

* WPS Resources Corporation is the parent holding company of the subsidiaries. All affiliated companies listed are 100% owned except as noted otherwise. Percentage ownership in some of the affiliated companies is subject to monthly fluctuation, depending on investment. All affiliates are currently active, with the exception of 3096210 Nova Scotia Company, Boralex WPS Power Limited Partnership, and Boralex WPS Energy, Inc.
** An exempt wholesale generator.
\+ Formed under Wisconsin Law
++ Formed under Delaware Law
+++ Formed under Michigan Law

Section 4.02(b)

- American Transmission Company LLC is a multi-state transmission only utility.
- ATC Management Inc. manages the American Transmission Company LLC

Section 4.02(c)

- See Section 4.02(a) above.

PUBLIC

Section 4.03 Capital Structure

Section 4.03 (a)

- Pursuant to the Restated Articles of Incorporation of Wisconsin Public Service Corporation, the holders of Wisconsin Public Service Corporation preferred stock may be entitled to vote their shares under certain circumstances set forth therein on matters requiring the vote of the common shares of Wisconsin Public Service Corporation.

- Parent may be required to issue new shares or sell treasury shares of common stock from time to time under the WPS Resources Corporation Stock Investment Plan.

- Parent may issue shares of common stock from time to time under the Wisconsin Public Service Corporation Employee Stock Ownership Plan.

Section 4.04 Authority; Execution and Delivery; Enforceability

None.

Section 4.05 No Conflicts; Consents

Section 4.05(a)

- To the extent required, waiver and/or amendments to the following credit agreements:
  - $500,000,000 Five Year Credit Agreement, dated as of June 2, 2005, among Parent, as Borrower, the Lenders from time to time party thereto, Citibank, N.A., as Syndication Agent, Wells Fargo Bank National Association, as Co-Documentation Agent, JPMorgan Chase Bank, N.A., as Co-Documentation Agent, UBS Securities LLC, as Co-Documentation Agent, U.S. Bank National Association, as Agent, and U.S. Bank National Association and Citigroup Global Markets Inc., as Co-Lead Arrangers and Book Managers.
  - $557,500,000 Credit Agreement, dated as of November 9, 2005, among Parent, as Borrower, the Lenders from time to time party thereto, Bank of America, N.A., as Syndication Agent, JPMorgan Chase Bank, N.A., as Agent, and J.P. Morgan Securities Inc. and Banc of America Securities LLC, as Co-Lead Arrangers and Book Managers.
  - $500,000,000 Five Year Credit Agreement, dated as of June 9, 2006, among Parent, as Borrower, the Lenders from time to time party thereto, Citibank, N.A., as Syndication Agent, U.S. Bank National Association, Bank of America, N.A, and JPMorgan Chase Bank, N.A., as Co-Documentation Agents, Wachovia Bank, National Association, as Agent, and Wachovia Bank, National Association and Citigroup Global Markets Inc., as Co-Lead Arrangers and Book Managers.
  - $150,000,000 Credit Agreement, dated as of April 21, 2006, between WPS Energy Services, Inc. and Mizuho Corporate Bank, Ltd., as Administrative Agent and Sole Lead Arranger

Section 4.05(b)

- The following notices to and/or the consents and approvals of governmental agencies having jurisdiction over Parent and any Parent Subsidiary in connection with any permits, licenses, or other approvals shall also be considered Parent Required Regulatory Approvals:
  - Approval by the PSCW under Wis. Stats. §§ 196.52 and 196.795 of affiliated interest agreements required for Parent to operate the Surviving Corporation and its subsidiaries.
  - If sought by Parent in its sole discretion, approval by the PSCW of the Transactions under Wis. Stat. § 196.80.
  - In the event that any person acquires, before closing, a sufficient percentage of Company's stock such that upon closing the person would own 10% or more of Parent's stock, approval of PSCW under Wis. Stat. § 196.795(3).

Section 4.06 SEC Documents; Undisclosed Liabilities

- On June 9, 2006, Sunbury Holdings, LLC entered into a Purchase and Sale Agreement with Corona Power, LLC for the sale of Sunbury Generation, LLC, owner of the Sunbury Steam Electric Station, located in Shamokin Dam, Pennsylvania. As a result, Sunbury Generation will be reported as discontinued operations in the financial statements of Parent filed on Form 10-Q dated as of June 30, 2006. In connection with the Form S-4 (and in order to obtain Deloitte's consent needed in connection with the filing of the Form S-4), Parent will now be required to revise its financial statements and related disclosures related to Sunbury Generation for all periods presented in its 2005 Form 10-K and its Form 10-Q for the quarterly period ended March 31, 2006.

Section 4.07 Information Supplied

None.

Section 4.08 Absence of Certain Changes or Events

- See Section 4.06
- The Midwest Independent Transmission System Operator has the authority to adjust billings to Wisconsin Public Service Corporation, Upper Peninsula Power Company and WPS Energy Services, Inc. for the period April 1, 2005 to present. These updated settlement statements may result in substantial additional payments or refunds. These updated settlement statements and related charges may be disputed by market participants. Such adjustments may or may not be recovered through the rate recovery processes of Wisconsin Public Service Corporation, Upper Peninsula Power Company.
- Issuances of shares under WPS Resources Corporation Stock Investment Plan and under the Wisconsin Public Service Corporation Employee Stock Ownership Plan.
- Issuance of shares to satisfy forward sale agreement with an affiliate of J.P. Morgan Securities Inc.
- [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]
- Boris A. Brevnov appointed/elected as Vice President – Corporate Development of Parent.
- See Section 4.21

Section 4.09 Taxes

Section 4.09(b)

- The following waivers of time are in effect: Wisconsin Public Service Corporation has a waiver of time with the Wisconsin Department of Revenue for income tax for years 1996 through 2000, which waiver expires in September 2006. WPS Energy Services, Inc. has a waiver of time with the Michigan Department of Treasury for sale and use tax for the period October 1, 2001 through February 28, 2005.

Section 4.09(c)

- Parent entered into a Limited Issue Focused Examination (LIFE) agreement with the Internal Revenue Service on May 24, 2006 related to the December 31, 2004 tax year. The primary issue in this audit will be the charitable contribution deduction taken for the Peshtigo land donation.

Section 4.09(f)

- The follow Parent Subsidiaries have been a member of an affiliated group filing a consolidated U.S. Federal Income Tax Return with a group other than WPS Resources Corporation: Upper Peninsula Power Company, Wisconsin Fuel & Light (this entity is now part of Wisconsin Public Service Corporation), WPS Empire State, Inc. and Advantage Energy, Inc.

Section 4.10 Absence of Changes in Benefit Plans

- The Wisconsin Public Service Corporation Administrative Employees' Severance Plan was amended and restated effective April 1, 2006.

- Various Parent benefit plans, including retirement, 401(k) and severance plans, are in the process of being amended to incorporate provisions applicable to employees hired by Michigan Gas Utilities Corporation ("MGU") and Minnesota Energy Resources Corporation ("MERC") in connection with the recently completed purchase of assets from Aquila, Inc. MGU and MERC also assumed the applicable collective bargaining agreements in effect between Aquila, Inc. and the employees employed at the purchased facilities.

- Parent and the Parent Subsidiaries require most of their employees to enter into confidentiality agreements.

- [CONFIDENTIAL INFO REDACTED]

Section 4.11 ERISA Compliance; Excess Parachute Payments

Section 4.11(a) A list of all "employee pension benefit plans", "employee welfare benefit plans" and all other "Parent Benefit Plans" and "Parent Benefit Agreements"

- Wisconsin Public Service Corporation Retirement Plan.
- Wisconsin Public Service Corporation Administrative Employees' Savings Plan
- Wisconsin Public Service Corporation Non-Administrative Employees Savings Plan
- Wisconsin Public Service Corporation Employee Stock Ownership Plan
- Wisconsin Public Service Corporation Administrative Employees' Medical Plan (includes retiree medical).
- Wisconsin Public Service Corporation Non-Administrative Employees' Medical Plan (includes retirees medical).
- Wisconsin Public Service Corporation Administrative Employees' Dental Plan (includes retiree dental).
- Wisconsin Public Service Corporation Non-Administrative Employees' Dental Plan (includes retirees dental).
- 501(c)(9) trusts/VEBAs with State Street Bank and Trust Company (funding vehicle for welfare benefits, including retiree medical).
- Wisconsin Public Service Corporation Flexible Benefits Plan.
- Wisconsin Public Service Corporation Life Insurance and Long-Term Disability Plan (includes retiree life insurance).
- Wisconsin Public Service Corporation Administrative Employees' Severance Plan.
- Severance Plan for Eligible Employees of Michigan Gas Utilities Corporation and Minnesota Energy Resources Corporation.
- WPS Resources Corporation Pension Restoration and Supplemental Retirement Plan.
- WPS Resources Corporation 1999 Stock Option Plan (prior grants only).
- WPS Resources Corporation 2001 Omnibus Incentive Compensation Plan (prior grants only).
- WPS Resources Corporation 2005 Omnibus Incentive Compensation Plan (under this umbrella document, various annual bonus programs might be implemented to reflect the business environment and needs of the business or organizational unit to which the program is being applied).

- WPS Resources Corporation Deferred Compensation Plan (pre-2005 and post-2004 components).
- Deferred Compensation Trust Between WPS Resources Corporation, Wisconsin Public Service Corporation and State Street Bank and Trust Company.
- Sick leave and vacation policies.
- Educational assistance program.
- The employment contracts identified in Section 4.10.
- Central Pension Fund of the Operating Engineers Note: Wedge has not formally agreed to participate, and has not yet commenced participation, in this plan. However, Wedge has agreed with the applicable collective bargaining representative to explore participation in this plan.
- Upper Peninsula Power Company Supplemental Retirement Plan.
- WPS Resources Corporation Stock Investment Plan.
- Miscellaneous programs, e.g., employee discounts, long-term care insurance (employee pay all); adoption assistance, etc.
- Collective Bargaining Agreements of Parent and the Parent Subsidiaries:
    - Wisconsin Public Service Corporation and IUOE Local 310
    - Upper Peninsula Power Company and IBEW Local 510
    - Sunbury Generation, LLC and IBEW Local 1600
    - WPS Canada Generation, Inc. and IBEW Local 37
    - Wisconsin River Power Company and IBEW Local 1147
    - Minnesota Energy Resources Corporation and IBEW Local 31
    - Michigan Gas Utilities and UWUA Local 417
    - Michigan Gas Utilities and USWA Local 12295

Section 4.11(c)

- The Wisconsin Public Service Corporation Retirement Plan (the "Retirement Plan")is subject to Section 302 and Title IV of ERISA and Section 412 of the Internal Revenue Code. Further, the Retirement Plan has "unfunded vested liabilities" as such term is

PUBLIC

defined in Section 4001(a)(18) of ERISA. .The unfunded vested liabilities as of December 31, 2005 were approximately $36 million. See also Parent's most recent Form 10-K filing.

Section 4.11(e)(1)

- Most Parent Benefit Plans that are employee welfare benefit plans are either unfunded, self-insured or funded through a "welfare benefits fund" as defined in Section 419(e) of the Internal Revenue Code, i.e., with limited exceptions, benefits are not provided on an insured basis. The Parent Benefit Plans that are unfunded, self-insured or funded through a "welfare benefits fund" include the following:
    - Wisconsin Public Service Corporation Administrative Employees' Medical Plan (includes retiree medical).
    - Wisconsin Public Service Corporation Non-Administrative Employees' Medical Plan (includes retiree medical).
    - Wisconsin Public Service Corporation Administrative Employees' Dental Plan (includes retiree dental).
    - Wisconsin Public Service Corporation Non-Administrative Employees' Dental Plan (includes retiree dental).
    - 501(c)(9) trusts/VEBAs with State Street Bank and Trust Company (funding vehicle for welfare benefits, including retiree medical).
    - Wisconsin Public Service Corporation Flexible Benefits Plan.
    - Wisconsin Public Service Corporation Life Insurance and Long-Term Disability Plan.
    - Wisconsin Public Service Corporation Administrative Employees' Severance Plan
    - Severance Plan for Eligible Employees of Michigan Gas Utilities Corporation and Minnesota Energy Resources Corporation.
    - Severance benefits provided pursuant to any employment contract.
    - Sick leave, short-term disability and vacation policies.
    - Educational assistance program.

Section 4.11(e)(iii)

- Amendment or termination of welfare benefit coverage provided to current or former bargaining unit employees is subject to the obligations of Parent and its Subsidiaries under applicable collective bargaining agreements.

Section 4.11(e)(iv)

- Parent and its Subsidiaries provide post-termination or post-retirement medical, dental and life benefits to eligible bargaining and non-bargaining employees. These benefits are provided through the Wisconsin Public Service Corporation Administrative Employees' Medical Plan, Wisconsin Public Service Corporation Non-Administrative Employees' Medical Plan, Wisconsin Public Service Corporation Administrative Employees' Dental Plan, Wisconsin Public Service Corporation Non-Administrative Employees' Dental Plan, and the Wisconsin Public Service Corporation Life Insurance and Long-Term Disability Plan.

Section 4.12 Litigation

None.

Section 4.13 Compliance with Applicable Laws

None.

Section 4.14 Brokers

None.

Section 4.15 Opinion of Financial Advisor

None.

Section 4.16 Environmental Matters

None.

Section 4.17 Labor Matters

- Local 1600 of the International Brotherhood of Electrical Workers, AFL CIO, represents approximately 93 employees at the Sunbury generation station. The current collective bargaining agreement with local 1600 expired on May 10, 2005. Sunbury Generation, LLC delivered a final offer on September 7, 2005. On January 27, 2006, Sunbury Generation, LLC declared an impasse in negotiations. Local 1600 is currently deciding whether to bring Sunbury Generation, LLC's final offer to a vote. Sunbury Generation, LLC and Local 1600 continue to operate under the existing labor agreement. If the sale of Sunbury Generation, LLC does not close, the existing collective bargaining agreement with the IBEW may be cancelled, and portions of the negotiated contract under impasse may be implemented. Local 1600 has ratified a memorandum of understanding for new labor terms, however the MOU is only effective upon closing of the sale of Sunbury.

- Wisconsin Public Service Corporation is currently negotiating a new collective bargaining agreement with IUOE Local 310.

- Michigan (Minnesota Gas Utilities) - USWA (Steelworkers) Local # 12295 contract expires 01/07, negotiations will start in 10/06.

- Minnesota (Minnesota Energy Resources Corporation) - IBEW Local #31 contract expires 05/07; negotiations will start in 02/07.

- WPS Canada Generation, Inc. (Tinker) - IBEW Local # 37 contract expires 12/07; negotiations will start in 09/07.

- Michigan (Minnesota Gas Utilities) - UWGA (Utility Workers) Local # 417 contract expires in 02/08; negotiations will start in 12/07.

Section 4.18 Contracts

None.

Section 4.19 Title to Property

- See Note 14 of Parent's most recent 10-K for a description of properties and assets subject to Liens.

Section 4.20 Intellectual Property

None.

Section 4.21 Trading

- Please see a description of risk management activities set forth on pages 75 and 76 of Parent's most recent 10-K.
- Please see a description of market price risk management activities set forth on pages 63 and 64 of Parent's most recent 10-Q.
- [CONFIDENTIAL INFO REDACTED]

Section 4.22 Regulatory Proceedings

None.

Section 4.23 Nuclear Generating Facilities

None.

Section 4.24 Ownership of Company Capital Stock

- Parent pension plans, which are managed externally, may own shares of Company Common Stock.

Section 5.01(b) Conduct of Business by Parent

Section 5.01(b)(i) and (ii)

- Parent sells newly issued shares or treasury shares of common stock from time to time under the WPS Resources Corporation Stock Investment Plan.
- Parent may issue shares of common stock from time to time under their employee benefit plans.
- [CONFIDENTIAL INFO REDACTED]
- See Section 5.01(b)(iv) and (ix)

Section 5.01(b)(iv)

- See Page 57 of Parent's most recent 10-Q for a description of expected capital contributions to ATC, along with a description of the agreement with Allete to fund a portion of such capital calls.
- WPS Energy Services, Inc. and its subsidiaries regularly evaluate generation assets and similarly situated marketing and trading businesses for potential acquisition. [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]
- See Section 5.01(b)(viii)

Section 5.01(b)(v)

- Parent or the Parent Subsidiaries may enter into termination, severance, and/or change of control agreements in the ordinary course of business consistent with past practice.
- [CONFIDENTIAL INFO REDACTED]
- If the sale of Sunbury Generation, LLC does not close, the existing collective bargaining agreement with the IBEW will likely be cancelled, and portions of the negotiated contract under impasse will likely be implemented.
- Wisconsin Public Service Corporation is currently negotiating a new collective bargaining agreement with IUOE Local 310.
- Michigan (Minnesota Gas Utilities) - USWA (Steelworkers) Local # 12295 contract expires 01/07, negotiations will start in 10/06.

- Minnesota (Minnesota Energy Resources Corporation) - IBEW Local #31 contract expires 05/07; negotiations will start in 02/07.

- WPS Canada Generation, Inc. (Tinker) - IBEW Local # 37 contract expires 12/07; negotiations will start in 09/07.

- Michigan (Minnesota Gas Utilities) - UWGA (Utility Workers) Local # 417 contract expires in 02/08; negotiations will start in 12/07.

Section 5.01(b)(vi)

- See Section 4.06 regarding treatment of sale of Sunbury Generation, LLC.

Section 5.01(b)(vii)

- Parent entered into a Limited Issue Focused Examination (LIFE) agreement with the Internal Revenue Service on May 24, 2006 related to the December 31, 2004 tax year. The primary issue in this audit will be the charitable contribution deduction taken for the Peshtigo land donation.

Section 5.01(b)(viii)

- Additional properties and assets will be subject to Liens related to the Indentures described in Note 14 of Parent's most recent 10-K.

- See page 67 of Parent's most recent 10-K for a description of Parent's asset management strategy related to real estate holdings.

- [CONFIDENTIAL INFO REDACTED]

- WPS Energy Services, Inc. and its subsidiaries may dispose of some or all of their existing generation assets (WPS Energy Services, Inc. is in the business of buying and selling of such generation assets)

- [CONFIDENTIAL INFO REDACTED]

- On June 9, 2006, Sunbury Holdings, LLC entered into a Purchase and Sale Agreement with Corona Power, LLC for the sale of Sunbury Generation, LLC, owner of the Sunbury Steam Electric Station, located in Shamokin Dam, Pennsylvania.

- See Section 5.01(b)(iv)

Section 5.01(b)(ix)

- [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]
- Parent has continuing guarantee programs for the Parent Subsidiaries.
- See Section 5.01(b)(iv)

Section 5.01(b)(x)

- Application of Wisconsin Public Service Corporation to Increase Electric and Natural Gas Rates in 2007, PSCW Docket 6690-UR-118.
- [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]
- Investigation on the Commission's Own Motion Regarding Utility Rate Recovery of Deferred MISO Day 2 Costs, PSCW Docket 5-EI-139.
- FERC proceeding related to the Kewaunee sale, FERC Docket ER05-1089-001.

Section 5.01(b)(xi)

- Capital expenditures through December 31, 2007 are expected to be: [CONFIDENTIAL INFO REDACTED]

Capital Expenditures **(Amounts in Thousands)**	**Full Year 2006**	**Full Year 2007**
Wisconsin Public Service Corporation		
Upper Peninsula Power Company		
Michigan Gas Utilities Corporation and Minnesota Energy Resources Corporation		
WPS Energy Services, Inc. and non-regulated operations		
Total Estimated Capital Expenditures		

PUBLIC

Section 5.01(b)(xii)

- None.

Section 5.01(b)(xiii)

- [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]

Section 5.01(b)(xiv)

- On April 6, 2006, the Parent's Board of Directors approved an increase of the VaR limit from $2.2 million to $3.2 million. [CONFIDENTIAL INFO REDACTED]
- [CONFIDENTIAL INFO REDACTED]

Section 5.01(b)(xv)

- None.

Headings have been inserted on the sections of the Parent Disclosure Letter for convenience of reference only and shall to no extent have the effect of amending or changing the express description of any sections set forth in the Agreement.

Very truly yours,

WPS RESOURCES CORPORATION

By: _____
Name: Larry L. Weyers
Title: Chairman, President and Chief Executive Officer

[Signature page to Parent Disclosure Letter]